SUPREME COURT, U. S.

FILED
AUG 3 1970
ROBERT SEAVER, CLERK

IN THE

Supreme Court of the United States

October Term, 1970
No. 487

CLARENCE H. STEVENSON III,

Petitioner,

vs.

DIEBOLD, INCORPORATED,

Respondent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

R. WILLIAM JOHNSTON,
Attorney for Petitioner.

Of Counsel:
CHRISTIE, PARKER & HALE,
201 South Lake Avenue,
Pasadena, Calif. 91101.

Parker & Son, Inc., Law Printers, Los Angeles. Phone 685-9790.

SUBJECT INDEX

	Page
Opinions Below	1
Jurisdiction	1
Questions Presented	2
Constitutional Provision and Statutes Involved	2
Statement of the Case	3
I.	
Summary	3
II.	
The Subject Matter of the Patent in Suit	3
III.	
History of Stevenson's Development	4
IV.	
The Litigation in the Courts Below	6
Reasons for Granting the Writ	9
Conclusion	16

INDEX TO APPENDIX

	Page
Order	1
Opinion of the United States Court of Appeals for the Ninth Circuit (422 F. 2d 1228)	2
Final Judgment	14
Findings of Fact and Conclusions of Law Following Trial and Accounting	16
District Court Memorandum Opinion (210 F. Supp. 917)	40
Provisions of the Constitution of the United States	44
Statutory Provisions	44
Federal Rules of Civil Procedure	47
Extracts From Patents	49

TABLE OF AUTHORITIES CITED

Cases

Page

Bergman v. Aluminum Lock Shingle Corp., 251 F. 2d 801 10

Commissioner of Patents v. Deutsche Gold-Und-Silber-Scheideanstalt Vormals Roessler, 397 F. 2d 656 ..... 10, 16

Expanded Metal Co. v. Bradford, 214 U.S. 366 15

Graham v. John Deere Co., 383 U.S. 1 ..... 10, 14

Great Atlantic and Pacific Tea Co. v. Supermarket Equipment Corp., 340 U.S. 147 ..... 9, 10, 12

Keyes v. Grant, 118 U.S. 25 9

Monroe Auto. Equip. Co. v. Heckerthorn Mfg. & Supply Co., 332 F. 2d 406 10

Swofford et al. v. B & W, Inc., 395 F. 2d 362 10

Webster Loom Co. v. Higgins, 105 U.S. 580 7

Rules

Federal Rules of Civil Procedure, Rule 52(a) 2, 10, 14, 15

Statutes

United States Code, Title 28, Sec. 1254(1) 2

United States Code, Title 28, Sec. 1338(a) 2

United States Code, Title 28, Sec. 2201 2

United States Code, Title 35, Sec. 101 2

United States Code, Title 35, Sec. 102 2

United States Code, Title 35, Sec. 103 ..... 2, 9, 12

United States Code, Title 35, Sec. 282 15

United States Constitution, Art. I, Sec. 8 ..... 2, 12

Page

Patent Act of 1952, Sec. 101 2

Patent Act of 1952, Sec. 102 2

Patent Act of 1952, Sec. 202 2

Textbook

48 Journal of the Patent Office Society, January, 1966, No. 1, Seidel, Arthur H., The Constitution and a Standard of Patentability 10, 11, 12

IN THE

Supreme Court of the United States

October Term, 1970
No. .....

CLARENCE H. STEVENSON III,

Petitioner,

vs.

DIEBOLD, INCORPORATED,

Respondent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

Petitioner Stevenson prays that a Writ of Certiorari issue to review the judgment of the United States Court of Appeals for the Ninth Circuit in the above entitled case.

OPINIONS BELOW.

The opinion of the Court of Appeals is reported at 422 F. 2d 1228 (A, p. 2).[1] The opinion of the District Court for the Northern District of California is reported at 210 F. Supp. 917 (A, p. 40).

JURISDICTION.

The judgment of the Court of Appeals was entered on February 17, 1970, (A, p. 14). A timely petition

[1]References herein are as follows: "A. (page number)" refers to pages of the appendix to this petition. "R.T. (page number)" refers to pages of the reporter's transcript from the District Court. "Ex. (number or letter)" refers to exhibits admitted in evidence by the District Court.

for rehearing was denied May 4, 1970 (A, p. 1). The jurisdiction of this Court is invoked pursuant to 28 U.S.C. Sec. 1254(1). The basis of jurisdiction in the District Court was 28 U.S.C. Secs. 1338(a) and 2201.

QUESTIONS PRESENTED.

1. Is obviousness, as used in Section 103 of the Patent Act of 1952, a question of law, or is it one of fact upon which a trial court's finding should be reversed only if "clearly erroneous" in accordance with Rule 52(a) of the Federal Rules of Civil Procedure?

2. Should the finding of the trier of fact that a new combination of old elements was not obvious to one having ordinary skill in the art at the time the combination was made be reversed as "clearly erroneous" under Rule 52(a) F.R.C.P. when there was evidence that others skilled in the art had tried and failed for years to achieve the result produced by the new combination, and that finally one of those others skilled in the art succeeded only after copying the new combination, and when there was no evidence that the new combination was obvious to a person skilled in the art?

CONSTITUTIONAL PROVISION AND STATUTES INVOLVED.

This case involves Article I, Section 8 of the Constitution; Sections 101, 102, 103, and 282 of the Patent Act of 1952 (35 U.S.C. Secs. 101, 102 and 103); and Rule 52(a) of Federal Rules of Civil Procedure (A, pp. 44-47).

STATEMENT OF THE CASE.

I.

Summary.

Diebold is Lamson's successor (Finding III, A, p. 17), and they are referred to collectively herein as respondent. Petitioner sued respondent in the District Court for infringement of his U.S. Patent No. 2,8[illegible]846. The case was tried without a jury, and the trial court found claims 1, 14 and 18 valid. The parties had previously stipulated that the claims were infringed, if valid. After an accounting awarding Stevenson and FMC $404,470.50, respondent appealed. The Court of Appeals for the Ninth Circuit reversed, and found the claims invalid.

II.

The Subject Matter of the Patent in Suit.

The Stevenson patent is on a machine for automatically loading pallets. Since about 1926, both the military and industry have moved and stored large quantities of materials by stacking articles such as cartons or boxes on flat panels called pallets, which could be lifted by the projecting fingers of fork-lift trucks (Finding VI, A, pp. 17-18).

The articles stacked on the pallet must be stabilized by stacking them in layers in which articles in one layer overlap the spaces between adjacent articles in the next layer (Findings VII and VIII, A, p. 18).

Prior to and throughout World War II, pallets were loaded by hand, the articles being placed on the pallet layer by layer, and each article positioned according to the required interlocking pattern, much in the

same way that brick layers have done for centuries (Finding IX, A, p. 18).

In Stevenson's machine, articles moving along a conveyor are automatically oriented by a movable pin which is moved into and out of the path of the articles for selectively turning the appropriate articles before they move into a layer-forming area where the layers are stacked onto a pallet. When the pin is projected into the path of an oncoming article, one edge of the article is restrained by the pin, and the conveyor forces the article to turn 90 degrees on passing the pin without stopping the article. The articles pass unturned when the pin is retracted from their path.

Stevenson's invention, as incorporated in FMC's machine [Ex. 14], handles articles automatically at a rate up to 36 per minute. The defendant's (Bruce's) machine, before copying the Stevenson invention, would handle only about 15 articles per minute. (Please see trial court's opinion 210 F. Supp. 917, 918).

III.

History of Stevenson's Development.

During World War II while Stevenson was in the Navy, he observed vast quantities of material (cases of food, supplies, etc.) being stacked by hand on pallets, and concluded that much labor could be saved if the cases could be stacked automatically by machine. After his discharge from the Navy, Stevenson in 1946 decided to develop a machine for automatically stacking cases on pallets. He quit his civilian job, moved with his family into his parents' home, and began work with borrowed tools in a friend's garage on a working scale model of the machine [R.T. 122].

By late 1947, Stevenson completed the working model, and filed the parent patent application in June 1948 on his development (Finding XII, A, p. 19).

John K. Bruce, the patentee in one of the patents [Ex. A] cited by the Patent Office against the Stevenson application, began work on a palletizer in 1943 and filed his patent application in February 1948. It issued as U.S. Patent 2,633,251 in March 1953. Bruce also formed a company, Production Aids, Inc., (PAI) which undertook the development of a commercial palletizer.

Bruce's machine turned articles with a turntable located below a conveyor. The turntable, in response to previous programming, was adapted to be raised above the level of the conveyor as an article to be turned passed over it. The turntable stopped the article, lifted it from the conveyor, turned it 90 degrees, and then returned to beneath the conveyor level to redeposit the turned article on the conveyor. The machine was slow because an article had to stop when it was turned.

The slow Bruce machine was a commercial failure until George Frank, a director of PAI, concealed his relationship with PAI, and got from Stevenson the idea of using Stevenson's movable pin instead of the impractical Bruce turntable. PAI immediately copied the Stevenson concept and converted all of its palletizers, except one, to the Stevenson design (Findings XIII, XIV, XVI and XVII, A, pp. 20-22).

During the same period, Materials Handling Laboratory, which after World War II became a private business organization devoted to material handling problems under the proprietorship of Norman L. Cahn-

ers, its former Commanding Officer, commenced work in 1946 on the design of an automatic pallet-loading machine. This work culminated in 1953 or 1954 in the sale of three pallet loaders incorporating article-orienting means. The Materials Handling Laboratory loader had a rotatable ball table interposed in a conveyor leading to the pallet loader. An attendant manually turned articles on the table according to a chart showing the required pallet load pattern. No more than three of the machines were ever sold, and in 1957 the design was abandoned (Finding XV, A, p. 21).

Thus, Stevenson, Bruce, and the Materials Handling Laboratory were trying to design an automatic pallet-loading machine, and only Stevenson came up with the concept of a programmed, movable pin to obstruct articles and cause them to turn on a conveyor. Stevenson's design was immediately copied by respondent because it operated reliably at high speeds and under a wide range of plant operating conditions (Finding XX, A, p. 23).

IV.

The Litigation in the Courts Below.

The parties stipulated at trial that claims 1, 2, 4-6, 9-11, 13-16 and 18-20 were infringed if valid (Finding XXIV, A, pp. 24-25). It was also stipulated that validity of only claims 1, 14 and 18 would be considered at trial, and the remaining claims would stand or fall depending on the validity of these three claims (Finding XXV, A, p. 25). Claims 1, 14 and 18 were held valid, and hence all the claims in suit were held valid and infringed (Conclusion XVI).

In rejecting respondent's arguments that the claims were invalid due to anticipation and lack of invention, the District Court made the following findings of fact:

a. Respondent's prior art was no better than that considered by the Patent Office when the Stevenson patent was granted (Findings XXVII and XXXIV, A, pp. 26-29).

b. Respondent's prior art neither anticipated the Stevenson invention nor made it obvious to one skilled in the art (Finding XXXI, A, p. 27).

c. Stevenson's invention had unexpected advantages of universal reliability, speed and simplicity over the primary reference (the Bruce patent) and over any hypothetical machine which could be synthesized from the prior art (Finding XXXI, A, p. 27).

d. Respondent and others skilled in the art had tried to make a commercially successful pallet-loading machine, and had failed until they copied the Stevenson invention (Findings XVI, XVII and XX, A, pp. 22-23).

The Court of Appeals reversed on the ground that the combination defined by the claims was obvious in view of the prior art, remarking:

> "Anyone looking at this litigation today would wonder why Bruce adapted a suitable control device to a complicated, unreliable turning mechanism when Stevenson's solution appears so much more apparent and desirable." (A, p. 10).

Such hindsight reasoning was anticipated and condemned by this Court more than 80 years ago in *Webster Loom Co. v. Higgins*, 105 U.S. 580, 591-92 (1882):

> "At this point we are constrained to say that we cannot yield our assent to the argument, that the combination of the different parts or elements

for attaining the object in view was so obvious as to merit no title to invention. *Now that it has succeeded, it may seem very plain to anyone, that he could have done it as well. This is often the case with inventions of the greatest merit.* It may be laid down as a general rule, though perhaps not an invariable one, that if a new combination and arrangement of known elements produce a new and beneficial result, never attained before, it is evidence of invention. It was, certainly, a new and useful result to make a loom produce fifty yards a day, when it never before had produced more than forty; and we think that the combination of elements by which this was effected, even if those elements were separately known before, was invention sufficient to form the basis of a patent." (Emphasis added).

There was no evidence that the Bruce control device (shown in Figs. 28A and 28B of the Bruce Patent No. 2,633,251, A, p. 49) was "suitable" as concluded by the Court of Appeals. In fact, the circuit was not "suitable" and had to be changed before the Bruce machine could use the Stevenson movable pin, which is operated by the simple control circuit shown in Fig. 3 of the Stevenson patent (A, p. 49). The differences between the Bruce and Stevenson circuits are apparent from the way they function. When an article is to be turned, the Bruce circuit must:

a. sense the approach of the article;

b. lift the turntable when the article is over it to raise the article above the conveyor;

c. rotate the elevated turntable and conveyor; and

d. lower the turntable to return the rotated article to the conveyor.

The Stevenson circuit turns an article by:

a. sensing the approaching article; and

b. projecting the pin into the path of the article, which is turned as the conveyor forces it around the pin.

In the Stevenson circuit, the pin can remain in the path of the articles until the next article signals the proper position for the pin. The Stevenson machine does not depend on timing to raise and lower articles, and therefore is virtually independent of the size and speed of the articles on the conveyor.

REASONS FOR GRANTING THE WRIT.

The question of obviousness is involved in virtually every patent infringement suit, and it often is crucial in determining the validity of the patent. Such determinations affect major segments of the economy and can either thwart or fulfill the intent of the patent laws.

The Court has stated that whether an improvement is the result of mere mechanical skill is a question of fact, *Keyes v. Grant*, 118 U.S. 25, 37 (1886). That view was generally followed until the Court decided *Great Atlantic and Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147 (1950). The concurring opinion in that case saw an intent in the Constitution to limit patents only to those who made advances recognized by the masters of a scientific field, and only when there was a breakthrough of the frontiers of a highly complex science.

Subsequent to the *A & P* decision, Congress in 1952 enacted 35 U.S.C. 103 (A, pp. 45-46) to provide a standard different from the reaction of intellectual masters in advanced sciences, with expectation that the

statute would have some stabilizing effect on judicial determinations of patentability.

This Court has since cited the *A & P* case as authority for the proposition that "the ultimate question of patent validity is one of law." *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966). Some Courts of Appeal have construed the *Graham* decision to mean that the question of obviousness is also one of law. *Swofford et al. v. B & W, Inc.*, 395 F. 2d 362, 367 (5th Cir. 1968).

The Courts of Appeals in the Sixth and Ninth Circuits had concluded that obviousness is a question of law even before *Graham, supra, Monroe Auto. Equip. Co. v. Heckerthorn Mfg. & Supply Co.*, 332 F. 2d 406, 410 (6th Cir. 1964); *Bergman v. Aluminum Lock Shingle Corp.*, 251 F. 2d 801, 809 (9th Cir. 1958).

The opposite result was reached in *Commissioner of Patents v. Deutsche Gold-Und-Silber-Scheideanstalt Vormals Roessler*, 397 F. 2d 656, 660-61 (D.C. Cir. 1968):

> "Since a Patent Office determination of non-obviousness is entitled to great weight, and District Court findings to the same effect will not be set aside unless clearly erroneous, . . ."

If the rule of the Fifth, Sixth, and Ninth Circuits is followed, the question of obviousness is one of law, and is to be determined by the judiciary. If the question is one of fact, then of course it is resolved by the trier of fact, and not set aside unless clearly erroneous. Rule 52(a) F.R.C.P.

Arthur H. Seidel presents an argument that the Constitution does not set a high standard of invention, and that judicial imposition of a standard higher than that achieved by most inventions is detrimental to the economy. In his article entitled "The Constitution and a

Standard of Patentability" in the Journal of the Patent Office Society, January, 1966, Vol. 48, No. 1, his introduction reads:

"It is fundamental that a prime matter to be determined in the grant of every United States patent is whether the invention meets the prevailing standard of patentability. It is also elementary that whenever a patent is placed in litigation the defense can be made that the patent is invalid, on the ground the inventor does not meet such standard. Hence, the vitality of each patent, and of the entire patent system, rests upon the basic inquiry of what is the standard of patentability. Vary the standard significantly and the patent system shifts accordingly. A sharp shift in the system affects the nation's economy, for inventors are its benefactors. As we treat them, they in turn enrich society accordingly. Reward the inventor in a free economy and businesses and useful arts will grow. Withold exclusive rights from a man's work product and his creations will be minimized. Suppress protection of creative efforts, by imposing a high standard few inventions attain, and there will be a deprivation of ownership inimical to free individuals working competitively with one another.

The standard for a patentable invention would seem a political matter determinable from time to time by the legislature, to obtain optimum social usefulness of the patent system. A changing society might best be served by changing standards, but dictum from Supreme Court decisions evince a conflicting position, namely that the Constitution imposes a high, rigid standard. It is the purpose of this paper to explore the issue."

Seidel reasons that if the concurring opinion in *A & P, supra,* is a correct statement of a Constitutional standard, then 35 U.S.C. 103 must fall. Seidel points out that the word "Science" in Art I, Sec. 8, Cl. 8, in 1787 meant "knowledge or learning" and did not have the significance of technology as it does today. He also contends that a reasonable construction of the Constitution requires that the word "science" be associated with "authors", and the phrase "useful arts" with "inventors". From this it follows that the only Constitutional standard imposed on patentability is the meaning of the word "inventor" in 1787, and that was merely "one who produces something new". Seidel concludes at pages 40 and 41:

> "The import of a high Constitutional standard becomes echoed in the lower courts,[57] and if the

---

"[57]The echoes of the lower courts include *Jerrold Stephens Co., Inc. v. Alladin Plastics, Inc.*, 142 USPQ 122 (D. C. Cal. 1964) where it is noted that since *A&P* patentability is a question of law in the Ninth Circuit. The Court also states:

> 'The "standard of invention" is written into the Constitution. * * * the Constitutional "standard of invention" in a patent must present "unusual and surprising consequences," it 'must add to the sum of useful knowledge;' it "must serve the ends of science—push back the frontiers of chemistry, physics and the like;" it "is not enough that it be new and useful;" it "must make a distinct contribution to useful knowledge, there must be more ingenuity involved than that of the mechanic skilled in the art." * * *'

"The Ninth Circuit has said, 'The standard of invention is written into the Constitution.' *Oriental Foods v. Chun King Sales*, 244 F. 2d 909; 113 USPQ 404 (1957).

"Another illustration is *John Deere Co. v. Graham*, 333 F. 2d 529; 142 USPQ 243 (8th Cir. 1964), which states 'in conclusion, we observe once again that the Constitution, Article I, Section 8, Clause 8, authorizes Congress to reward inventive genius but not mechanical skill alone.' This case is notable for its rejection of the trial court's findings in conformance with §103, the possible interpretation that a higher standard is required."

cases continue to see a Constitutional standard we begin to face the question of whether the test of obviousness in Section 103 complies with the standard. The opinions in the books requiring brilliance of masters in scientific fields to support a valid patent, as a Constitutional matter, result in the judiciary controlling policy decisions in this area. If the judiciary is uneducated in the processes and nature of making inventions, of the fact that even great inventions come in small steps, and of the economic good of adequate patent protection in a free enterprise system, then it could seriously jeopardize economic liberties, which are as essential to man's good as the political liberties of the Bill of Rights."

". . . the Constitution does not bar great latitude on the part of Congress in establishing a patentable standard, there is no legal basis for the courts to inspect a Constitutional standard, and Section 103 is a valid and legitimate exercise of legislative power, in conformance with the following principles:

"The Constitution unavoidably deals in general language. It did not suit the purposes of the people, in framing this great charter of our liberties, to provide for minute specifications of its powers, or to declare the means by which those powers should be carried into execution. It was foreseen, that this would be a perilous and difficult, if not an impracticable, task. The instrument was not intended to provide merely for the exigencies of a few years, but was to endure through a long lapse of ages, the events of which were locked up in

> the inscrutable purposes of Providence. It could not be foreseen, what new changes and modifications of power might be indispensable to effectuate the general objects of the charter; restrictions and specifications, which at the present, might seem salutary, might in the end, prove the overthrow of the system itself. *Hence, its powers are expressed in general terms, leaving to the legislature, from time to time, to adopt its own means to effectuate legitimate objects, and to mould and model the exercise of its powers, as its own wisdom, and the public interests, should require.* (emphasis added) *Martin v. Hunter's Lessee*, 1 Wheaton 304 (1816)."

In treating obviousness as a question of law, the Court of Appeals in the case at bar completely disregarded Rule 52(a) F.R.C.P. which would compel it here to sustain the finding of the trial court (and the Patent Office) that the Stevenson invention was not obvious to one of ordinary skill. In reaching that conclusion, the trial court used the subtests suggested in *Graham v. John Deere, supra,* and found the Stevenson invention fulfilled a long felt need, that there were unsuccessful attempts over a long period of time to fulfill the need and, finally, that the Stevenson invention converted Bruce's unsatisfactory machine into a commercial success when it was finally copied and put into practice by respondent. There was testimony as to the state of the prior art, what Stevenson accomplished over the prior art, and the unobviousness of the invention. No witness testified that the combination was obvious. The prior failure of others to produce the Stevenson combination, considering the need for such apparatus,

raises a strong presumption of nonobviousness. This Court so observed in *Expanded Metal Co. v. Bradford*, 214 U.S. 366 (1908), where it stated at 381:

> "It may safely be said that if those skilled in the mechanical arts are working in a given field and have failed after repeated efforts to discover a certain and useful improvement, that he who first makes the discovery has done more than make the obvious improvement which would suggest itself to a mechanic skilled in the art, and is entitled to protection as an inventor."

In *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, *supra*, this Court quoted with approval from Rule 52(a):

> "Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge the credibility of the witnesses . . ."

and sustained findings of fact under circumstances similar to those present here.

35 U.S.C. 282 provides that a patent is presumed to be valid. Accordingly, respondent had the burden of overcoming that presumption. There was no evidence at trial that it was obvious that the prior art could be combined to produce a machine which is faster, simpler, and more universally reliable (Finding XXXI). The Patent Office and the trial court considered prior art just as relevant as that relied on by the Court of Appeals (Finding XXVII and XXXIV). Having determined the scope and content of the prior art, the differences therefrom of the invention and, finally the relative skill in the art, the trial court made the factual determi-

nation that the invention was not obvious to a person having ordinary skill in the art. If this is a finding of fact as stated in *Commr. of Patents v. Deutsche Gold-Und-Silber-Scheideanstalt Vormals Roessler, supra,* the Patent Office determination of nonobviousness is entitled to great weight, and the District Court finding to the same effect should not be set aside unless clearly erroneous. No such error is apparent from the decision of the Court of Appeals reversing the trial court.

Conclusion.

Stevenson typifies the individual inventor who is encouraged by the patent law to make personal and financial sacrifices to improve the state of the art in exchange for a limited monopoly on any unobvious innovation he may make. What happens to Stevenson as an individual may have little effect on the "useful arts". But, as his experience is multiplied by hundreds and thousands of other inventors, we will lose a valuable natural resource as their efforts are minimized by the courts applying nonexistent Constitutional standards of invention far higher than the reasonable "standard" set by Congress.

By granting this petition, this Court can provide guidance to the courts and encouragement to inventors on this important matter.

Respectfully submitted,

R. WILLIAM JOHNSTON,
Attorney for Petitioner.

Of Counsel:

CHRISTIE, PARKER & HALE,
201 South Lake Avenue,
Pasadena, Calif. 91101.

APPENDIX.

Order.

United States Court of Appeals for the Ninth Circuit.

Clarence H. Stevenson, III, an individual, and FMC Corporation, a corporation, Plaintiff-Appellees, vs. Diebold, Incorporated, a corporation, Defendant-Appellant. No. 23,227.

Before: DUNIWAY and CARTER, Circuit Judges, and CROCKER, District Judge.

The document presented by appellee Stevenson entitled Petition For Rehearing, received by the Clerk on March 10, may be filed as a supplement to the petition for rehearing filed by appellee Stevenson on March 3. The petition for a rehearing, as so supplemented, is denied.

Filed May 4, 1970.

Opinion of the United States Court of Appeals for the Ninth Circuit (422 F. 2d 1228).

Clarence H. Stevenson, III, an individual and FMC Corporation, a corporation, Plaintiffs-Appellees, v. Diebold, Incorporated, a corporation, Defendant-Appellant. No. 23227.

United States Court of Appeals, Ninth Circuit.
Feb. 17, 1970.

Patent infringement proceeding. The United States District Court for the Northern District of California, George B. Harris, Chief Judge, held certain claims of patent valid and infringed, and appeal was taken. The Court of Appeals, Duniway, Circuit Judge, held that patent for invention, which positioned articles moving on conveyor so as to automatically stack them on pallet in predetermined interlocking pattern was invalid for obviousness.

Reversed.

Carl Hoppe (argued), of Eckhoff & Hoppe, McCutchen, Doyle, Brown & Enersen, San Francisco, Cal., Theodore E. Simonton, Cazenovia, N. Y., for appellant.

Roland N. Smoot (argued), of Lyon & Lyon, Los Angeles, Cal., Flehr, Hohbrach, Test, Albritton & Herbert, San Francisco, Cal., for appellees.

Before DUNIWAY and CARTER, Circuit Judges, and CROCKER*, District Judge.

---

*Honorable M. D. Crocker, United States District Judge, Eastern District of California, sitting by designation.

DUNIWAY, Circuit Judge:

Diebold appeals from a judgment holding certain claims of appellees' patent valid and infringed[1] and awarding damages of $404,470.50 plus interest for the infringement.[2] The patent at issue is No. 2,815,846, owned by appellee Stevenson and exclusively licensed to appellee FMC. We reverse.

The invention covered by the Stevenson patent relates to feeding and orienting devices for automatic pallet loading machines. The invention seeks to position articles such as cartons moving on a conveyor so as automatically to stack them on a pallet on a predetermined interlocking pattern. The interlocking pattern promotes stability of the pallet load and is achieved by placing layers of articles adjacent to one another with the faces of the articles in a given layer turned at 90 degrees from the article faced in neighboring layers, much as bricks or stones are arranged in a good piece of masonry.

Before trial, Diebold[3] conceded that claims 1, 2, 4-6, 9-11, 13-16, and 18-20 of the Stevenson patent were in-

---

[1]See Stevenson v. Lamson Corp., 210 F. Supp. 917. The judgment entered pursuant to the memorandum opinion of the district court found the patent to be valid and infringed, awarded plaintiffs an accounting for damages, and granted an injunction against further infringement. No appeal was taken.

[2]The accounting issues were tried to a special master. On May 28, 1968, the district court entered its final judgment based on the master's report. This judgment readopted the earlier decision regarding validity, infringement, and injunctive relief. "Although the interlocutory decision * * * on the question of validity and infringement was appealable, * * * the decision was not final until the conclusion of the accounting." Marconi Wireless Telegraph Co. of America v. United States, 1943, 320 U.S. 1, 47, 63 S.Ct. 1393, 1415; 87 L.Ed. 1731. Accordingly, the question of patent validity is still open on this appeal.

[3]Lamson Corp., the original defendant in this action, merged with Diebold, Inc. in 1965, and Diebold was substituted as a party defendant at that time.

fringed "if such claims be valid." In appealing from the trial court's decision that the patent was valid, Diebold makes only the contention that the invention was obvious within the standards of 35 U.S.C. § 103.

Section 103's condition of nonobviousness for the issuance of a patent has been considered by the Supreme Court in Graham v. John Deere Co., 1966, 383 U.S. 1, 86 S.Ct. 684, 15 L.Ed.2d 545; United States v. Adams, 1966, 383 U.S. 39, 86 S.Ct. 708, 15 L.Ed.2d 572 and Anderson's-Black Rock, Inc. v. Pavement Salvage Co., Inc., 1969, 396 U.S. 57, 90 S.Ct. 305, 24 L.Ed.2d 258. In *Graham* the Court stated:

> "The emphasis on non-obviousness is one of inquiry, not quality, and, as such, comports with the constitutional strictures.
>
> While the ultimate question of patent validity is one of law, * * * the § 103 condition, which is but one of three conditions each of which must be satisfied, lends itself to several basic factual inquiries. Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained, and the level of ordinary skill in the pertinent art resolved." (383 U.S. at 17-18, 86 S.Ct. at 693-694)

See also Spring Crest Co. v. American Beauti Pleat, Inc., 9 Cir., 1970, 420 F.2d 950; Carborundum Co. v. Wilbanks, Inc., 9 Cir., 1969, 420 F.2d 43; Proler Steel Corp., Inc. v. Luria Bros. & Co., 9 Cir., 1969, 417 F.2d 272; Aerotec Industries of California v. Pacific Scientific Co., 9 Cir., 1967, 381 F.2d 795; Jeddeloh Brothers Sweed Mills, Inc. v. Coe Mfg. Co., 9 Cir., 1967, 375 F.2d 85.

Here, as in all cases where a patent's validity is questioned, the patent is presumed to be valid, and the burden of showing invalidity rests on the party asserting it. See 35 U.S.C. § 282; Western Lighting, Inc. v. Smoot-Holman Co., 9 Cir., 1966, 381 F.2d 355; Eimco Corp. v. Peterson Filters and Engineering Co., 10 Cir., 1968, 406 F.2d 431. Nonetheless, this court has recognized that "the concept of invention is inherently elusive when applied to a combination of old elements," particularly in a mechanical area such as this one. Jeddeloh Brothers Sweed Mills, Inc. v. Coe Mfg. Co., *supra,* 375 F.2d at 88 and n. 5. Moreover, the "patent standard is basically constitutional" Anderson's-Black Rock, Inc., *supra,* and the ultimate question of patentability is one of law.

Accordingly, we turn to the factors which *Graham* mentions as bearing on obviousness, and to the district court's treatment of those factors.

"Palletizing" has been used for over 40 years to stack a number of articles such as cartons or boxes on portable platforms called pallets. Pallet loads are a standard means of handling materials for shipment and storage. Throughout the period ending with World War II, no automated means of loading pallets was known. The pallet interlocking patterns were stacked by hand or by using semi-automatic devices in which a man would turn some of the cartons or articles on a ball table.

Stevenson had observed palletizing systems used during World War II, and in 1946 he began to work on a completely automated means of loading pallets. By the end of 1947 he had developed a model of a pallet loader which led to the patent questioned in this case. Steven-

son's model is most completely described by claim 18 of his patent.[4]

> "An article feeding device comprising [1] conveying means for conducting the articles along a predetermined path, [2] a normally-ineffective article obstructing element located at one side of said conveying means and arranged to be projected into the path of oncoming articles on said conveying means at one side only of the center of the path to effect turning of the articles about an axis perpendicular to said conveying means into a position for further advancement thereof, and [3] means operable to effect projection of said article obstructing means into the path of selected articles on said conveying means." (The bracketed numbers have been added to separate the three elements of Stevenson's device.)

In every day English and in application, claim 18 describes (1) a "live-roll" feed conveyor, *i.e.*, a conveyor with power driven rollers, (2) an obstruction means such as a pin, plunger, finger, or flag placed to one side of the conveyor's midline, and (3) a control mechanism for moving the pin, etc. into or out of the path of selected articles moving down the conveyor.

In operation certain of the articles move along the conveyor without hindrance from the obstruction. For selected others, the control mechanism moves the obstruction into their path. The selected article strikes the ob-

---

[4]At trial it was "stipulated that trial be limited to a consideration of the validity of claims 1, 14, and 18 and that each of the other * * * claims would be held valid or invalid consistent with the decision of the Court in respect to each of said claims 1, 14, and 18." (Finding No. 25, TR-910.) Claim 1 relates to a "conveyor device" and claim 14 relates to a "control" for a palletizer with essentially the same characteristics as the "article feeding device" described by claim 18.

struction, and because the powered rollers keep the article moving, the article pivots around the obstruction to get free of it and in so doing faces around at a 90 degree angle from its original position on the conveyor. With a control mechanism set to achieve a given pallet pattern, Stevenson's device can automatically turn selected articles and thus obtain interlocking pallet loads without the necessity of turning the articles by hand.

As one might expect, Stevenson was not the only would-be inventor working on a "palletizer." A John K. Bruce began working on the problem in 1943. Bruce had some success and filed a patent application for his device on February 2, 1948, about four months before Stevenson filed. Bruce's orienting means used a different principle than Stevenson's did. Rather than a simple obstruction placed off-center on a conveyor, Bruce's orienting means

> "consisted of a turntable located immediately below the conveyor leading to the pallet loader proper, which turntable, in response to previous programming, was adapted to be raised above the level of the conveyor as an article to be turned passed thereover, the turntable first lifting the article from the conveyor, then turning it the requisite 90°, then stopping, and then returning to beneath the conveyor level to redeposit the reorientated article on the conveyor to pass into the pallet loader proper." (Trial Court's Finding No. 13.)

It's apparent that Bruce's control device and conveyor were quite similar to Stevenson's, but that the means of article orientation were quite different. Bruce believed that he had to lift the articles from the conveyor to reorient them.

Nonetheless, the conveyor industry had known for some time of the concept of using a simple pin or finger to obstruct the path of articles moving down a powered conveyor and thus turn the articles. Patent No. 1,028,766, issued to W. L. Montgomery on June 4, 1912, discloses a device intended to achieve 90 degree reorientation of articles moving down a conveyor, chiefly for use in feeding articles to a sealing machine. Montgomery claimed:

> "The combination with [1] a movable belt, [2] of a finger secured rigidly at one side of the belt and extending substantially perpendicular thereto and adjacent the center of said belt, and [3] an inclined guide located at one side of said belt spaced from said finger." (Claim 2.) (Bracketed numbers added.)

There is a good deal of other, similar, prior art shown in the record.

Diebold argues that the Stevenson device is obvious in light of the prior art as disclosed by the Bruce and Montgomery patents. Diebold asserts that Stevenson did no more than assemble on one conveyor the Montgomery article turning finger and operate it selectively with Bruce's control mechanism. Stevenson counters by asserting (1) that his combination produces a new result which had not been achieved by any other device, (2) that he applied a new principle not previously used by men skilled in the materials handling art, and (3) that the components of his combination in fact perform a different function in the combination than they do out of it.

Our task in evaluating the contentions of the parties is made considerably easier because they tried the

case as if they fully appreciated the *Grahams-Adams* teachings, even though those decisions were written nearly four years after this case was heard below.

We first consider Stevenson's second and third asserted grounds supporting nonobviousness. It seems apparent to us that the turning means and the control mechanism in Stevenson's device serve precisely the same purposes there as they did, respectively, in Montgomery and in Bruce. The trial court, however, did find that the two means when combined performed a different function than they did when apart. It pointed to the fact that in Stevenson "the conveyor itself unites with the obstruction means to turn a selected article according to programming. * * *" (Finding No. 32.) In comparison, in Bruce the turning means required that the article be lifted free of the conveyor, turned, and then returned to the conveyor. As the trial court found, this difference does give Stevenson's device two important advantages: first, with Stevenson increased conveyor speed results in faster article turning leading to greater flexibility and capacity over Bruce, and second, Bruce did not work well with articles having rough or damaged bases or having high, narrow shapes, but Stevenson's device is reliable over a large spectrum of shapes.

Proof was adduced at trial that Bruce's device was a commercial failure and that Stevenson's was a success. In fact most of the Bruce machines were converted to use Stevenson's method of turning. But, Bruce disclosed not the turning means, but the control device used by Stevenson. Montgomery had shown how to combine an obstruction with a power driven conveyor many years before. Thus, the principles disclosed by

Bruce and Montgomery are combined without change as to function in Stevenson. We conclude that Stevenson's second and third grounds of support for the validity of his patent are without merit.

The question remains whether, notwithstanding the Bruce and Montgomery patents, the result achieved by Stevenson was so new and unexpected that it would not have been obvious to a person of ordinary skill in the materials handling art. With the advantage of hindsight, what Stevenson did was hardly remarkable, and the means used are simple indeed. But as *Graham* points out, hindsight can be misleading, and what is important is the state of the art at the time of invention. See 383 U.S. at 35-36, 86 S.Ct. 684, 15 L.Ed.2d 545.

Anyone looking at this litigation today would wonder why Bruce adapted a suitable control device to a complicated, unreliable turning mechanism when Stevenson's solution appears so much more apparent and desirable. In answer, Stevenson relies upon the testimony of a witness expert in the pallet loader field. The witness, a Mr. Hallett, was an engineer who had been the long-time publisher of a trade magazine in the materials handling industry. He testified as follows, referring to the year 1947:

> "Q. Based on that experience and your previous experience in the conveyor art, were you faced with the problem of providing the orientation for the pattern in a pallet loader, would any particular solution to that problem be obvious to you?
>
> A. No.

* * * * * * *

Q. You said the solution wouldn't be readily apparent. I asked you, in effect, why not. Give your reasons for your answer.

* * * * * *

A. Well, it would appear that it would need to obtain positive 90-degree turning, and a turning pin would not be obvious to provide that positive turning.

Q. I see. What about reliability?

A. Again, it would be a problem in terms of obtaining the positive turning with various size cartons, particularly long ones or tall ones, and this again might—again would appear to be—the turning pin would not provide the obvious solution.

Q. What direction would you go in, Mr. Hallett?

A. It would seem to be that anyone, any skilled designer in the conveyor art, would think in terms of positive turning as being something that would actually be lifted up and turned either by machinery such as a turntable or perhaps by hand, such as the semi-automatic principle of the Greer machine.

* * * * * *

Q. How, then do you, or did you in practicing your profession of evaluation and reporting to the industry in regard to new things in the material-handling art, account for the success of the turning-pin principle?

* * * * * *

A. Well, it is hard to evaluate it but if we were not looking from hindsight, it would seem to me that it would be very surprising that the turning pin would be successful at that time."

On cross-examination, the witness testified:

"Q. When did you first see a rotate pin in a conveyor system? I am not limiting this to pallet loaders, but any sort of a conveyor system. When did you first see a rotate pin or equivalent?

A. The first rotate pin that I saw was on a pallet loader, and I believe it was the Lamson machine in the Bayonne refinery of Esso.

Q. Can you recall about the year?

A. My impression was it was 1954.

Q. And that was the first time you ever saw a rotate pin in a conveyor system of any sort?

A. The first that I recall."

There is no evidence that Hallett was familiar with the Montgomery patent, which issued in 1912. As we have seen, that patent used exactly the means that Stevenson's patent uses to turn the packages 90 degrees while they move along a powered conveyor. We must assume knowledge of Montgomery when considering nonobviousness. It is inconceivable to us that Hallett would have testified as he did, or that the court would have believed him, had he been familiar with Montgomery. There is some evidence, not coming from Hallett, that he may have known of some prior art that used an obstruction to turn articles moving on a conveyor. There is none to support his view that such devices would not work. *Cf.* Anderson's-Black Rock, Inc., n 1. As proof of nonobviousness, his testimony is worthless.

The plain fact is that the patent combines the turning means disclosed by Montgomery and other prior art shown by the record with the programming of Bruce, which permits selective turning of the packages

on the conveyor. Montgomery was not considered by the patent office. Other, similar, prior art was, including German Patent No. 479,675. The patent office distinguished it on the ground that, in the prior art, the pin, flag or other turning means was stationary, whereas in Stevenson it can be selectively removed from and reinserted in the path of the articles moving on the conveyor, thus achieving selective turning. But the selectivity device was disclosed in Bruce. The patent office distinguished Bruce as using a different turning means. This is circular reasoning with a vengeance. The patent office rejected the claim now made much of by appellees, that the selectivity feature was new. (See file wrapper, patent No. 2,815,846, pp. 82-83.) Appellees' primary reliance is on the use of an obstructing means in the conveyor, rather than a turntable or similar device, to turn the parcels. That is not new with the Stevenson patent.

Reliance is also placed upon considerable commercial success for the Stevenson device. But as the Supreme Court said in Anderson's-Black Rock, Inc., *supra:*

> "It is, however, fervently argued that the combination filled a long felt want and has enjoyed commercial success. But these matters 'without invention will not make patentability.' Great A & P Tea Co. v. Supermarket Equipment Corp., 340 U.S. 147, 153, 71 S.Ct. 127, 130, 95 L.Ed. 162."

We conclude that the principles laid down in the cases that we have cited require a holding that the pertinent claims, 1, 3, 4-6, 9-11, 13-16, and 18-20 of the Stevenson patent, No. 2,815,846, are invalid, and we so hold.

Reversed.

Final Judgment.

United States District Court, Northern District of California.

Clarence H. Stevenson, III, an individual, and FMC Corporation, a Delaware corporation, Plaintiffs, v. Diebold, Incorporated, an Ohio corporation, Defendant. Civil Action No. 37,800.

WHEREAS trial in the above entitled cause was had commencing May 10 and concluding May 16, 1962, the decision of this Court having been rendered on November 12, 1962 and an interlocutory judgment entered on April 12, 1963; and

WHEREAS an accounting hearing before a Special Master was had commencing January 23 and concluding February 3, 1967, the report of the Special Master having been filed on February 1, 1968, the objections of the parties thereto having been considered and the report of the Special Master having been approved by the Court by order entered on April 8, 1968; and

WHEREAS the Court has made Findings of Fact and Conclusions of Law with respect to both said trial and accoounting hearing.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. Plaintiff CLARENCE H. STEVENSON, III, is the owner of the entire right, title and interest in and to United States Letters Patent No. 2,815,846 and plaintiff FMC CORPORATION is exclusive licensee under said Letters Patent.

2. United States Letters Patent No. 2,815,846 and claims 1, 2, 4, 5, 6, 7, 9, 10, 11, 13, 14, 15, 16, 18, 19 and 20 are good and valid at law.

3. Defendant has infringed said claims.

4. Defendant DIEBOLD, INCORPORATED shall pay to plaintiffs the sum of $404,470.50 as damages arising from its infringement of Letters Patent No. 2,815,846, together with interest at the legal rate of 7% on such sum commencing February 1, 1968 until such judgment is satisfied.

5. Defendant DIEBOLD, INCORPORATED, its officers, agents, servants, employees and those persons in active concert or participation with them are hereby enjoined during the term of said United States Letters Patent No. 2,815,846 from manufacturing, using or selling, apparatus defined by claims 1, 2, 4, 5, 6, 9, 10, 11, 13, 14, 15, 16, 18, 19 and 20 of said Letters Patent No. 2,815,846 and from infringing either directly or indirectly said claims 1, 2, 4, 5, 6, 7, 9, 10, 11, 13, 14, 15, 16, 18, 19 and 20 of said Letters Patent No. 2,815,846.

6. Plaintiffs shall recover from defendant their costs of this action.

7. Plaintiffs on the one hand and defendant on the other shall, within thirty days of the entry of this judgment, each pay to the Special Master who received evidence and reported to the Court on the issue of damages the sum of $750.00, whereby the total compensation for such Special Master shall be equal to $1,500.00.

Dated this 27 day of May, 1968.

George B. Harris
United States District Judge

The foregoing Final Judgment is hereby not approved as to form.

/s Albert J. Moorman
Albert J. Moorman
Attorney for Defendant

Findings of Fact and Conclusions of Law Following Trial and Accounting.

United States District Court, Northern District of California.

Clarence H. Stevenson, III, an individual, and FMC Corporation, a Delaware corporation, Plaintiffs, v. Diebold, Incorporated, an Ohio corporation, Defendant. Civil Action No. 37,800.

WHEREAS trial in the above entitled cause was had commencing May 10 and concluding May 16, 1962, the decision of this Court having been rendered on November 12, 1962 and an interlocutory judgment entered on April 12, 1963; and

WHEREAS an accounting hearing before a Special Master was had commencing January 23 and concluding February 3, 1967, the report of the Special Master having filed on February 1, 1968, the objections of the parties hereto having been considered and the report of the Special Master having been approved by the Court by order entered on April 8, 1968.

NOW, THEREFORE the Court makes the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

I.

Plaintiff CLARENCE H. STEVENSON, III, is a citizen of the United States and a resident of Glendale in the County of Los Angeles, State of California.

II.

Plaintiff FMC CORPORATION is incorporated under the laws of the State of Delaware, having its principal office and place of business in San Jose, California.

III

Defendant DIEBOLD, INCORPORATED, successor in interest to Lamson Corporation, is incorporated under the laws of the State of Ohio. Lamson Corporation, originally named as defendant in these proceedings, was, upon the filing of the complaint herein, incorporated under the laws of the State of New York, had its principal office and place of business in Syracuse, New York, was licensed to do business in the State of California, and had a regular and established place of business within the Northern District of California, Southern Division.

IV

On December 10, 1957, United States Letters Patent No. 2,815,846, the patent in suit, was issued to plaintiff STEVENSON upon an application filed April 27, 1953 by Stevenson, which application constituted a division of a parent application filed June 9, 1948, and since said December 10, 1957 Stevenson has owned and still owns all of the right, title and interest in and to said Stevenson patent. Said Stevenson patent relates to automatic pallet loading equipment.

V

Since June 3, 1953 plaintiff FMC, pursuant to a License Agreement with plaintiff STEVENSON, has been exclusive licensee under the Stevenson patent and manufactures and sells automatic pallet loading equipment thereunder.

VI

Palletizing has existed since 1926 and comprises the stacking of a plurality of articles such as cartons or boxes on relatively small portable supporting members

called pallets. The pallets are flat and can be lifted along with the pallet load by the projecting fingers of fork trucks and carried to storage areas, warehouses, ships and the like where the pallets and their loads can be stacked one atop the other.

VII

The palletized articles are of generally rectangular shape, are loaded in several layers and are unrestrained, the load being thus inherently unstable unless some provision be made for stabilization.

VIII

Such stabilization consists and has always consisted in providing a patterned load wherein selected ones of the articles are disposed in 90° relationship to selected others of the articles in order to interlock the load. The providing of such a patterned load is essential to the success of the palletizing operation.

IX

Prior to and throughout World War II, when palletizing was extensively used throughout the world for material handling purposes, pallet loading was accomplished by hand, the articles being placed on the pallet layer by layer and each article positioned according to the requisite interlocking pattern.

X

Prior to and throughout World War II the step of loading the pallets by hand produced a bottleneck in all palletizing systems and imposed a considerable hardship upon the personnel involved.

XI

The desirability of automatic pallet loading as distinguished from hand loading was evident throughout World War II, but despite the enormous amounts of materials moved in palletizing systems during the War, automatic pallet loading was never achieved. During and subsequent to the War, however, efforts were commenced by the Materials Handling Laboratory of the United States Navy, by John K. Bruce and by Plaintiff Stevenson to design automatic pallet loaders. The design of the automatic pallet loader proper occasioned no particular difficulty, but no such pallet loader could be or was successful absent effective orienting means for properly positioning the articles to be palletized when introduced to the pallet loader from the conveyor in order that the pallet load would be provided with the essential interlocking pattern.

XII

Plaintiff Stevenson, who had observed palletizing systems used by the Navy during the War, worked on the problem commencing in 1946 and by the end of 1947 had constructed a working model of a pallet loader incorporating the article orienting means described in the Stevenson patent in suit, said article orienting means comprising the combination consisting of conveyor, obstruction means in the form of a movable article-engaging pin for turning the article and programmed control means for selectively operating the obstruction means, the combination functioning to arrange the articles in interlocking patterns on the pallet loader as predetermined by the programming. In the working model, the programmed control means included switches controlled by Stevenson himself for selectively

operating the obstruction means. Stevenson's parent patent application was filed June 8, 1948 and, among other features of Stevenson's pallet loader, described and claimed the aforesaid combination.

XIII

John K. Bruce, a developmental and design engineer of considerable experience, worked on the problem commencing in 1943 and by March 1947 had organized Production Aids Incorporated to manufacture and sell pallet loaders incorporating the essential pattern forming article orienting means, the first Bruce machine being installed in 1947. The article orienting means conceived by Bruce is described in United States Letters Patent No. 2,633,251 and the machine of this patent is the basic reference relied upon by defendant. Bruce's orienting means consisted of a turntable located immediately below the conveyor leading to the pallet loader proper, which turntable, in response to previous programming, was adapted to be raised above the level of the conveyor as an article to be turned passed thereover, the turntable first lifting the article from the conveyor, then turning it the requisite 90°, then stopping, and then returning to beneath the conveyor level to redeposit the reoriented article on the conveyor to pass into the pallet loader proper.

XIV

So long as it incorporated the Bruce turntable orienting means, the Bruce pallet loader was a commercial failure, as was the entire Production Aids Incorporated venture into the field of automatic pallet loading, Lamson Corporation (hereinafter referred to with Diebold, Incorporated collectively as defendant) acquiring the

Production Aids Incorporated manufacturing facilities on October 22, 1948 and abandoning use of the Bruce turntable orienting means in favor of the Stevenson combination. Commencing later in the same month defendant caused all but one of the Bruce pallet loaders previously placed in the field or in manufacture and which incorporated the Bruce turntable to be converted over to use of the Steveson combination, the single unconverted machine having been installed under circumstances requiring but minimum performance requirements. Abandonment of the Bruce turntable orienting means and adoption of the Stevenson invention by defendant resulted in industry-wide acceptance of the Bruce pallet loader, and sales of same by defendant have been and were at the time of trial, still in large volume.

XV

Materials Handling Laboratory, which after the War became a private business organization devoted to material handling problems under the proprietorship of Norman L. Cahners, its former Commanding Officer, commenced work on the problem in 1946 utilizing certain prior concepts of Cahners. This work culminated in 1953 or 1954 in the sale of three pallet loaders incorporating pattern forming article-orienting means. The means conceived at Materials Handling Laboratory, however, was semi-automatic in that a ball table was interposed in the conveyor leading to the pallet loader, the balls of which rolled easily and upon which an attendant manually turned articles according to a piece of paper setting out the required pallet load pattern. No more than three of the machines were ever sold, and in 1957 the design was abandoned.

XVI

From early 1948 until June 3, 1953 plaintiff STEVENSON made extensive efforts to interest the materials handling industry in his pallet loader, including its article orienting combination, and the nature of same was known to many throughout the materials handling industry by Summer of 1948. These efforts included personally delivered descriptions of his machine, the showing of pictures, and the demonstrating of his model. Among those to whom the machine, including its article orienting combination, was described and to whom pictures of same were shown in May of 1948, was one George Frank, at the time a Member of the Board of Directors and of the Executive Committee of Production Aids Incorporated, defendant's predecessor in the manufacture and sale of the unsuccessful pallet loader incorporating the Bruce turntable article orienting means, and who was instrumental in bringing defendant and Production Aids Incorporated together.

XVII

Frank, who testified at the trial in this case, solicited disclosure of the Stevenson combination, misrepresented to plaintiff STEVENSON his reasons for seeking same, and concealed from STEVENSON his relationship with Production Aids Incorporated and defendant. Frank obtained said disclosure for the benefit of Production Aids Incorporated and defendant, and the subsequent adoption of Stevenson's article orienting combination was as a consequence of copying, not independent conception.

XVIII

Plaintiff STEVENSON's failure to interest the industry in his pallet loader until his licensing of plaintiff's FMC on June 3, 1953 is attributable to the widespread sales by defendant of Bruce pallet loaders incorporating Stevenson's article orienting combination and the natural assumption on the part of those in industry that it was Bruce, not Stevenson, who invented the article orienting combination of the Stevenson patent.

XIX

Notwithstanding the previous preempting of a large part of the available market by defendant's sale of pallet loaders incorporating the Stevenson combination, licensed sales by plaintiff FMC of pallet loaders incorporating said combination have been substantial.

XX

The evidence of the history of the development and commercialization of the Stevenson invention in the context of the attendant circumstances shows that prior to said invention the need for satisfactory pattern forming article orienting means having the attributes of universal reliability, speed and simplicity had long existed in order that automatic pallet loading might become feasible; that until Stevenson's invention this need was not satisfied; that the concurrent efforts of others skilled in the art met with failure; and that the industry, including defendant itself through adoption of the Stevenson invention, widely accepted Stevenson's invention as satisfying the need when automatic pallet loaders incorporating Stevenson's invention became available to replace previous hand loading methods.

XXI

The License Agreement extended June 3, 1953 to plaintiff FMC by plaintiff Stevenson grants to FMC the right to institute and prosecute suits for infringement of the patent in suit and to join Stevenson as a party-plaintiff in any such suits.

XXII

On each pallet loader incorporating the Stevenson combination manufactured and sold by plaintiff FMC subsequent to December 10, 1957, plaintiff FMC affixed a patent plate which carried the designation "Patent No. 2,815,846".

XXIII

On June 18, 1958 written notice of infringement of the patent in suit was sent by plaintiff FMC to defendant.

XXIV

It is stipulated by and between plaintiffs and defendant that, if valid, defendant has infringed claims 1, 2, 4, 5, 6, 9, 10, 11, 13, 14, 15, 16, 18, 19 and 20 of the Stevenson patent by its manufacture and sale of pallet loaders incorporating as article obstruction means elements consisting of either turning or rotate pins, rotator bars or flag rotators. Defendant's rotate pin is substantially the same as the turning pin of the Stevenson patent; defendant's rotator bar is rectangular rather than cylindrical but operates in substantially the same way to achieve substantially the same result as does Stevenson's turning pin, and defendant's flag rotator is pivoted on a horizontal axis to an operative position in the path of articles advancing on the conveyor, operating like the Stevenson turning pin and defendant's

rotator bar and achieving substantially the same result in substantially the same way.

XXV

It is further stipulated that trial be limited to a consideration of the validity of claims 1, 14 and 18 and that each of the other of the aforesaid claims would be held valid or invalid consistent with the decision of the Court in respect to each of said claims 1, 14 and 18.

XXVI

Each of the claims 1, 14 and 18 of the patent in suit covers article orienting means for palletizer pattern. formation consisting of the Stevenson combination set forth above. Each claim sets forth the conveyor; each claim sets forth the obstruction means, claim 1 specifying the obstruction as arranged to obstruct the passage of an article and to effect turning of the article upon its abutment with the obstruction, claim 14 specifying the obstruction as movable into and out of a position at one side of and in the path of the advancing articles, and claim 18 specifying the obstruction as arranged to be projected into the path of the articles at one side only of the center of the path to effect the turning of the articles; and each claim sets forth the programmed control means for selectively operating the obstruction means, claim 1 specifying first switch means engageable by the articles, counter means actuated by the first switch means and second switch means operated by the counter means to in turn cause projection of the obstruction. claim 14 specifying a counter responsive to the passage of the articles and means activated by the counter for operating the obstruction means, and claim 18 specifying means operable to cause the projecting of the obstruction into the path of selected articles.

XXVII

At the trial defendant specified United States Letters Patent No. 2,633,251 to Bruce dated March 31, 1953 and the pallet loader described therein, United States Letters Patent No. 1,028,766 to Montgomery dated June 4, 1912, British Patent No. 118,400 to Sahlin dated August 29, 1918 and United States Letters Patent No. 2,120,314 to Spellacy et al. dated June 14, 1938 as the prior art relied upon. Additionally, it relied upon prior uses exemplified by the two drawings, Defendant's Exhibits U and V. Defendant's prior art is no better than that considered by the Patent Office before it issued the Stevenson patent.

XXVIII

The Bruce patent describes and covers the pallet loader developed by John K. Bruce and includes the Bruce turntable article orienting means originally manufactured and sold by Production Aids Incorporated and later abandoned in favor of the Stevenson invention. The Bruce patent was considered by the United States Patent Office before it issued the Stevenson patent in suit.

XXIX

The Montgomery patent and Defendant's Exhibits U and V are not directed to the palletizing art and disclose merely stationary, immovable obstructions associated with conveyors to turn each and every article progressing down the conveyor.

XXX

The Sahlin and Spellacy et al. patents are not directed to the palletizing art but rather to the steel mill art and their teachings are not shown to have ever been actually utilized in industry. Figure 7 of Spellacy et al.

shows a stationary, immovable serrated wheel operating to turn each and every hot steel slab passing by in manner similar to the operation of the Montgomery patent. Figures 1 through 6 of Spellacy et al. disclose upper and lower clamping shoes operable to turn each and every hot steel slab by gripping its upper and lower surfaces. The Sahlin patent similarly turns each and every hot steel slab passing by by utilizing lifting pins which engage the lower surface of each slab to lift its corner and cause its turning.

XXXI

The prior art taken singly or collectively neither anticipates Stevenson's invention nor renders it obvious to one skilled in the art. In addition to demonstrating that Stevenson's combination viewed in its historical perspective meets the objective criteria of invention, the evidence, including the testimony of the witnesses for plaintiffs and for defendant, shows that the Sevenson combination exhibited unexpected advantages of universal reliability, speed and simplicity over the Bruce turntable combination disclosed in the Bruce patent and marketed by Production Aids Incorporated, over the semi-automatic orienting means conceived of at the Materials Handling Laboratory, and over any synthetic arrangement that might be hypothesized by combining various features of the prior art.

XXXII

The evidence shows that the conveyor, obstruction means and programmed control means of the Stevenson combination perform an additional and different function in the combination than they perform separately in that the programmed control means combines with

the conveyor and the obstruction means to selectively cause same to function together to the effect that the conveyor itself unites with the obstruction means to turn a selected article according to programming predetermined by the desired pallet load pattern.

XXXIII

The evidence also shows the Stevenson combination to be different and distinct from the Bruce turntable combination as to function, structure and operation. Whereas in Bruce the turntable functions separately and apart from the conveyor to turn an article to be palletized by stopping same, lifting it free of the conveyor, turning it, and returning it to the conveyor, in the Stevenson combination the obstruction means and conveyor function together to the effect that operation of the conveyor itself unites with the obstructing function of the obstruction means to drive the article to be palletized around the obstruction means and thus achieve the selective turning. As a consequence, whereas in Bruce increased conveyor speed does not result in increased speed of article turning, in Stevenson the opposite is true, and increased conveyor speed will increase turning speed. Further, the requirement present in Bruce that the articles to be palletized must be lifted free of the conveyor and turned imposes a severe limitation on the universal reliability of the Bruce combination, Bruce being unreliable when used with high, narrow type articles and unreliable when used with articles having roughened and damaged bases. In contrast, the Stevenson combination achieves universal reliability because the articles to be palletized never leave the conveyor during turning. Yet further, the multiple functions which must be performed by the turntable

element of the Bruce combination require a complexity of parts not present in the simple reciprocating turning pin combination of Stevenson and the various selective programming and control functions necessary to the forming of the predetermined pallet load pattern are greatly reduced in Stevenson as contrasted with Bruce.

XXXIV

The principal argument advanced by defendant in support of its defense of anticipation and lack of invention is that the Stevenson combination constitutes a mere substitution of the obstruction means of the Montgomery patent or of Defendant's Exhibits U and V or of Figure 7 of the Spellacy et al. patent for the turntable of Bruce. Such a synthesis was available to the Patent Office in considering issuance of the Stevenson patent in suit in that, as shown by the Stevenson patent file wrapper, the Patent Office considered, in addition to the Bruce patent, German Patent No. 479,675 which, as is shown in said file wrapper, teaches the same fixed, immovable article turning obstruction means disclosed in Montgomery, Defendant's Exhibits U and V and Figure 7 of Spellacy et al., and with the Bruce and German patent before it the Patent Office in substance reviewed the very art relied upon by defendant.

XXXV

The evidence fails to show that the prior art teaches the desirability of substituting a pin for a turntable in the Bruce combination for the purpose of pallet loader pattern formation, and it fails to show that such a substitution would produce the Stevenson combination or that such a substitution would produce a combination having any utility at all for pallet loader

purposes, the various turning elements of the prior art being either stationary, fixed and immovable obstruction means such as shown in the Montgomery patent, Defendant's Exhibits U and V, Figure 7 of the Spellacy et al. patent and the German patent, or movable lifting or clamping means having no obstruction function whatsoever such as shown in the Sahlin patent and in Figures 1 through 6 of the Spellacy et al. patent. These turning elements turn each and every article passing by and are not programmed for selective action and otherwise neither function in substantially the same way nor operate in substantially the same way as do any of the elements of the Stevenson combination.

XXXVI

The first public use of the Stevenson invention occurred at the Pepsi-Cola Plant in Los Angeles on October 30th or 31st in 1948 immediately subsequent to defendant's acquisition of the Production Aids Incorporated manufacturing facilities, when a Bruce pallet loader previously delivered to the Pepsi-Cola Plant by Production Aids Incorporated was converted from the Bruce turntable combination to the Stevenson invention.

XXXVII

At the time of such public use there was pending before the Patent Office claims to the invention of the patent in suit, claims 35 through 40, inclusive, of Stevenson's patent application, filed June 9, 1948, being directed to said invention, and it being stipulated at the trial in this cause that said claim 35 as filed on June 9, 1948 covered and was directed to the same invention as claims 1, 14 and 18 of the Stevenson patent.

XXXVIII

Plaintiff Stevenson continually asserted his claim to a patent covering the invention of the patent in suit from June 9, 1948 until December 10, 1957, the issue date of the patent in suit, claims 35 through 40, inclusive, of his parent application remaining continuously pending in said parent application until the filing of Stevenson's divisional application on April 27, 1953 pursuant to a Patent Office requirement of division, and thereafter, as claims 1 through 6 of the divisional application, being continually prosecuted in said divisional application until issuance of the patent in suit. Stevenson's parent application issued as United States Letters Patent No. 2,701,650 on February 8, 1955.

XXXIX

It is conceded by defendant that the prosecutions of both Stevenson applications were regular and proper so far as the Patent Office rules and regulations are concerned.

XL

Between June 9, 1948 and April 27, 1953 plaintiff Stevenson's adverse financial circumstances prevented the filing of his divisional application, and his patent attorney advised him that under the law filing of the divisional application could be deferred any time up to the issuance of a patent on Stevenson's parent applications.

XLI

Plaintiff Stevenson's adverse financial circumstances were in substantial part the result of the appropriation and adoption of his invention by defendant.

XLII

The preponderance of the evidence before this Court shows the Stevenson patent to be valid over the defenses of anticipation, lack of invention and intervening adverse rights argued by defendant.

XLIII

Prior to the time the Stevenson patent issued, Defendant enjoyed substantial profits annually from the sale of infringing pallet loaders.

XLIV

At the time the Stevenson patent issued, defendant, in order to meet the competition of plaintiff FMC, would have had to offer for sale infringing pallet loaders.

XLV

At the time the Stevenson patent issued, the fact that defendant was selling infringing pallet loaders enabled it also to make sales of auxiliary equipment, parts, conveyors and the like, from which it obtained substantial profit.

XLVI

At the time the Stevenson patent issued and during the period prior to March 6, 1963, there was no other machine available to defendant which it could have manufactured and sold in price competition with pallet loaders incorporating the Stevenson combination.

XLVII

At the time the Stevenson patent issued and during the period prior to March 6, 1963, Alvey Conveyor Manufacturing Company manufactured and sold pallet loaders incorporating the so-called parallel transfer sec-

tion. Pallet loaders of this type were substantially more expensive than infringing pallet loaders, were limited in their field of use, both with respect to the types of containers they could handle and the installations with which they could be used, and did not have the attributes of universal reliability, speed and simplicity which characterized the Stevenson invention.

XLVIII

At the time the Stevenson patent issued and during the period prior to March 6, 1963, defendant's principal competitor in the sale of pallet loaders was plaintiff FMC.

XLIX

The equitable and proper measure of damages awardable to plaintiffs by reason of defendant's infringement of the Stevenson patent is a reasonable royalty and no other basis would be adequate to make plaintiffs whole.

L

Under the terms of the License Agreement between plaintiffs, plaintiff FMC had the right to grant to others a sublicense under the Stevenson patent. In such event it was obligated to pay to plaintiff STEVENSON a royalty equal to 5% of the sales price of pallet loaders sold by such sublicensees.

LI

At the time the Stevenson patent issued, defendant's costs and its profit picture would have supported a 10% royalty payable for the privilege of manufacturing, using and selling infringing pallet loaders.

LII

Giving due regard to the amount a person would have been willing to pay at the time the Stevenson patent issued to manufacture, market and sell the patented structure at a fair profit in the light of the then market conditions, the state of the industry, the need which the invention met, the costs of manufacturing and exploiting such structure and the other relevant factors enumerated in these findings, the Court finds a reasonable royalty to be 10% of defendant's net sales price.

LIII

Defendant's net sales price in the infringing period from December 10, 1957 through March 6, 1963 equalled $2,649,292.00, making a reasonable royalty equal to $264,929.20.

LIV

Defendant's infringement was willful and deliberate and resulted from the unwarranted and inexcusable imitation and appropriation of the Stevenson invention.

LV

Because of defendant's strenuous price competition, plaintiff FMC did not enjoy the profits it would have enjoyed but for defendant's infringement and plaintiff STEVENSON received less royalty than he would otherwise have received.

LVI

The circumstances and results of defendant's infringements and the interests of justice entitled plaintiffs to an increase of damages in the amount of 25% of $264,929.20, or $66,232.30.

LVII

The circumstances and results of defendant's infringements entitle plaintiffs to a further increase in damages equal to $73,309.00, such sum being calculated on the following basis. Of the 10% royalty found to be reasonable and to be the basis of plaintiffs' damages, at least one-half thereof, or 5%, constitutes, in effect, liquidated damages. Plaintiffs are entitled to an award of interest at the legal rate of 7% on this determinable amount, payable on a regular quarterly basis commencing with infringing sales which occurred after December 10, 1957 to and including the date of the Report Of The Special Master On Issue Of Damages, February 1, 1968. The record in this cause establishes that such interest is equal to $73,309.00.

LVIII

Reasonable compensation for the Special Master who received evidence and reported to the Court on the issue of damages is the sum of One Thousand Five Hundred Dollars ($1,500.00) and such sum is to be paid in equal shares by plaintiffs on the one hand and defendant on the other.

CONCLUSIONS OF LAW

I

This Court has jurisdiction of the subject matter of this cause by virtue of the provisions of Section 1338(a) of Title 28 U.S.C.

II

United States Letters Patent No. 2,815,846 was duly and legally issued on December 10, 1957.

III

At all times material herein plaintiff CLARANCE H. STEVENSON, III, has been and is now the owner of the entire right, title and interest in and to said Letters Patent, and plaintiff FMC CORPORATION has been since June 3, 1953 and is now exclusive licensee of STEVENSON under said Letters Patent.

IV

Plaintiff FMC has the right to sue for the infringement asserted herein and to name plaintiff STEVENSON as co-plaintiff herein.

V

United States Letters Patent No. 2,815,846 and claims 1, 2, 4, 5, 6, 9, 10, 11, 13, 14, 15, 16, 18, 19 and 20 thereof are good and valid at law.

VI

The presumption of validity attaching to an issued patent is available to plaintiffs herein, and defendant has brought forth no prior art to support its defense of anticipation and lack of invention more effective than that cited by the United States Patent Office.

VII

The evidence before this Court does not constitute clear and convincing proof that the Stevenson patent is anticipated or lacks invention; on the contrary, the preponderance of evidence demonstrates that the patent is not anticipated and is inventive.

VIII

Presence or lack of originality and invention is most reliably determined by an appraisal of the patented sub-

ject matter in the light of the historical circumstances preceding, attending and suceeding the appearance of said subject matter, and this is best done by examining the patent subject matter in respect to whether or not it satisfies the objective criteria of long-felt need, failure of others to meet the need, and acceptance of the alleged invention in place of what had gone before.

IX

The evidence before this Court shows that the Stevenson invention satisfies all the foregoing objective criteria and that the Stevenson patent is neither anticipated nor lacking in invention.

X

The evidence before this Court shows that the differences existent between the Stevenson invention and the prior art as respects function, structure and operation and the surprising and unexpected advantages of the Stevenson invention over the prior art are such that Stevenson's invention would not have been obvious at the time it was made to a person having ordinary skill in the art to which the invention pertains.

XI

The evidence before this Court showing adoption of the Stevenson combination by the defendant to replace the prior art most heavily relied upon by defendant is itself strong evidence of the inventive quality of said combination.

XII

Letters Patent No. 2,815,846 are entitled to the benefit of the filing date of plaintiff Stevenson's original parent application, June 9, 1948.

XIII

Defendant acquired no intervening adverse rights in respect to said Letters Patent No. 2,815,846 by virtue of its public use of the Stevenson invention in October of 1948 or otherwise.

XIV

Were an excuse necessary for the alleged late filing of the divisional application leading to issuance of said Letters Patent, such excuse exists by virtue of plaintiff Stevenson's financial circumstances between June 9, 1948 and the date of filing of said divisional application, April 27, 1953.

XV

Defendant has infringed claims 1, 2, 4, 5, 6, 9, 10, 11, 13, 14, 15, 16, 18, 19 and 20 of Letters Patent No. 2,185,846.

XVI

Plaintiffs are entitled to a judgment against defendant that Letters Patent No. 2,815,846 and claims 1, 2, 4, 5, 6, 9, 10, 11, 13, 14, 15, 16, 18, 19 and 20 are good and valid at law and that said claims have been infringed by defendant.

XVII

Plaintiffs are entitled to a judgment against defendant enjoining defendant from the manufacture, use or sale of the combination described and claimed in said Letters Patent and from infringing said patent.

XVIII

Plaintiffs have given notice to the public that pallet loaders incorporating the Stevenson combination are the subject of Patent No. 2,815,846 by marking all such pallet loaders sold by plaintiff FMC subsequent

to the date of issue of said patent in the manner prescribed by law.

XIX

Plaintiffs are entitled to a judgment against defendant awarding to plaintiffs damages based upon a reasonable royalty equal to 10% of defendant's net sales price, which damages are equal to $264,929.20.

XX

Plaintiffs are entitled to a judgment against defendant awarding to plaintiffs an increase in such damages in the amount of 25%, such increase being equal to $66,232.30.

XXI

Plaintiffs are entitled to a judgment against defendant awarding to plaintiffs further damages in the amount of $73,309.00, which amount represents the interest at the legal rate of 7% calculated on a quarterly basis on 5% of defendant's infringing sales between December 10, 1957 and February 1, 1968.

XXII

Plaintiffs are entitled to a judgment against defendant awarding to plaintiffs interest at the legal rate of 7% on the liquidated damages approved by the Court from February 1, 1968, the date of the Report Of The Special Master On The Issue Of Damages, such damages being equal to $404,470.50.

XXIII

Plaintiffs are entitled to recover from defendant their costs incurred herein.

Dated this 10th day of April, 1968.

George B. Harris
Judge of the District Court

District Court Memorandum Opinion (210 F. Supp. 917).

Clarence H. Stevenson, III, an individual, and FMC Corporation, a Delaware corporation, Plaintiffs, v. Lamson Corporation, a New York corporation, Defendant. No. 37800.

United States District Court N. D. California, S. D. Nov. 15, 1962.

An action for patent infringement. After parties stipulated that infringement existed if designated claims were valid, the District Court, Harris, C. J., held that patent, which related to conveyor device used for controlling articles traveling over rollers so that prearranged pattern could be built on pallet to be loaded by the total mechanism by means of maneuverable obstruction on roller passage, was valid.

Judgment for plaintiff.

Lyon & Lyon, Leonard S. Lyon, Jr., Earl L. Martin, R. Douglas Lyon, Los Angeles, Cal., Flehr & Swain, Paul D. Flehr, John F. Swain, Harold C. Hohbach, Aldo J. Test, Elmer S. Albritton, San Francisco, Cal., for plaintiffs.

McCutchen, Doyle, Brown & Enersen, Morris M. Doyle, Albert J. Moorman, San Francisco, Cal., Theodore E. Simonton, Cazenovia, N.Y., for defendant Lamson Corp.

HARRIS, Chief Judge.

Plaintiff, owner of a patent, No. 2,815,846, issued upon a conveyor device used for controlling articles traveling over rollers so as to build a prearranged pattern on the pallet to be loaded by the total mechan-

ism by means of a maneuverable obstruction on the roller passage, has brought this suit against defendant for infringement. By stipulation, the parties limited the action to a consideration of claims 1, 14 and 18, conceding that infringement exists if these claims are held valid. The issues in the case are fundamentally simple.

Defendant contends the patent is invalid for two reasons:

1. the combination defined in the claims and referred to as the turning pin, was obvious and anticipated by the prior art;

2. the delay in making the claims which led to the issuance of the patent and the arising of intervening adverse rights in defendant preclude recovery against defendant.

Except for the Bruce turntable, covered in Bruce Patent No. 2,633,251, nothing in the prior art solves the problem of proper orientation of articles to be palletized. The history of efforts of those in the industry to meet the needs shows failure until plaintiff developed his turning pin which gained prompt and wide acceptance. Plaintiff's combination is not suggested by German Patent No. 479,675 nor by Montgomery (1,028,766), Spellacy (2,120,314) or Sahlin British Patent No. 118400, all of which defendant relies upon to establish lack of invention.

The patent office considered both the Bruce and the German patents and in substance reviewed the very art relied upon by defendant; yet it concluded that plaintiff, through a new combination, had invented a turning pin that was entitled to protection. Plaintiff's combination is distinct from that taught by Bruce as to function, structure and operation.

There is ample evidence in the record to support plaintiff's contention that his invention satisfies the objective criteria of invention, namely, reliability, speed and simplicity in the operation of a pallet loading mechanism which met a long felt need in the industry —a need not satisfied by the slow moving commercially unsatisfactory Bruce turntable with its capacity of fifteen cartons per minute and its effectiveness limited as to type of carton.

Plaintiff, as owner of the patent, enjoys the presumption of its validity and defendant has the burden of providing otherwise by clear and convincing evidence. Beatty Safway Scaffold Co. v. Up-Right, Inc. (9th Cir.) 306 F.2d 626. A consideration of the prior art relied upon by defendant and that cited by the patent office indicates that the distinctions are not material and are inadequate to overcome the presumption of validity. Cf. Neff Instrument Corp. v. Cohu Electronics, Inc. (9th Cir.) 298 F. 2d 82.

By the standards expounded in Safety Car Heating & Lighting Co. v. General Electric Co., 2 Cir., 155 F.2d 937 and followed in Hughes Blades, Inc. v. Diamond Tool Associates (9th Cir.) 300 F.2d 853, plaintiff has established invention. Not only has he enjoyed commercial success but also he has solved a long felt need in the industry through a device which functions efficiently, swiftly and without complication.

Plaintiff contends that even from a subjective standpoint, he is entitled to protection of his invention. The record supports his assertion that the turning pin combination, while admittedly simple, achieved results and advantages which could not be foreseen readily and

which are properly classified as invention. Nor is it correct to launch an attack on a single element in the combination as defendant tends to do in challenging the invention which is a package consisting of conveyor, obstruction means controlled for selective operation, the combination functioning to produce interlocking patterns on the pallet loader as predetermined by regular programming. See Aro Manufacturing Co. v. Convertible Top Replacement Co., 365 U.S. 336, 81 S.Ct. 599, 5 L.Ed.2d 592; Ry-Lock Co. v. Sears, Roebuck & Co. (9th Cir.) 227 F.2d 615; Pursche v. Atlas Scraper and Engineering Co. (9th Cir.) 300 F.2d 467. The elements described in Sahlin and Spellacy are not equivalents of those in plaintiff's patent and do not function in substantially the same way. Thus they do not anticipate plaintiff's invention.

Perhaps the highest tribute which could be paid to plaintiff's patent is the adoption by the defendant of the device which is challenged in the case at bar. This in itself is strong evidence of invention.

With respect to the defense of invalidity based upon the development of intervening adverse rights, the court finds that plaintiff acted in a manner prescribed by patent statutes and at no time did he relinquish his rights to defendant because of its adoption of a similar device in late 1948, shortly after plaintiff filed with the patent office. Under 35 U.S.C.A. § 120 and 121, as set forth in the Patent Act of 1952, plaintiff protected his rights during those lean years when he recited in his initial applications the full scope of the claims which ultimately resulted in the patent in suit after a divisional application was submitted. Carson v. American Smelting and Refining Co. (9th Cir.) 4 F.2d 463;

Wire Tie Machinery V. Pacific Box Corp. (9th Cir.) 102 F.2d 543. The cases are consistent in following the language of the statute which precludes defendant from gaining adverse rights through its use of the invention during the years that plaintiff processed his application and his later divisional application when this procedure was indicated by the patent office.

Viewed objectively or subjectively, plaintiff has established the validity of his patent and its effectiveness against defendant despite the length of time necessary to obtain its issuance and the stages followed by him in processing the divisional application.

ACCORDINGLY, IT IS ORDERED that judgment be entered in favor of the plaintiff who shall prepare findings of fact, conclusions of law and judgment consistent with this opinion.

Provisions of the Constitution of the United States.

The Constitution of the United States of America, Article I, Section 8,

> Clause 8 [The Congress shall have Power . . .] to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

Statutory Provisions.

28 U.S.C. § 1254(1).

Courts of appeals; certiorari; appeal; certified questions

> Cases in the courts of appeals may be reviewed by the Supreme Court by the following methods:

(1) By writ of certiorari granted upon the petition of any party to any civil or criminal case, before or after rendition of judgment or decree;

28 U.S.C. § 1338.

Patents, copyrights, trade-marks, and unfair competition

(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.

35 U.S.C. § 101.

Inventions patentable

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

35 U.S.C. § 102.

Conditions for patentability; novelty and loss of right to patent

A person shall be entitled to a patent unless—

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent. . . .

35 U.S.C. § 103.

Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as

set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

35 U.S.C. § 282.

Presumption of validity; defenses

A patent shall be presumed valid. Each claim of a patent (whether in independent or dependent form) shall be presumed valid independently of the validity of other claims; dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting it. . . .

Federal Rules of Civil Procedure.

Rule 52.

FINDINGS BY THE COURT

(a) *Effect.* In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. If an opinion or memorandum of decision is filed, it will be sufficient if the findings of fact and conclusions of law appear therein. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41(b).

Extracts From Patents.

Figure 3 of U.S. Patent 2,815,846—Stevenson.

Figure 28A of U.S. Patent 2,633,251—Bruce.

Figure 28B of U.S. Patent 2,633,251—Bruce.

Dec. 10, 1957 C. H. STEVENSON III 2,815,846

FEEDING AND ORIENTING DEVICE

Original Filed June 9, 1948 4 Sheets-Sheet 2

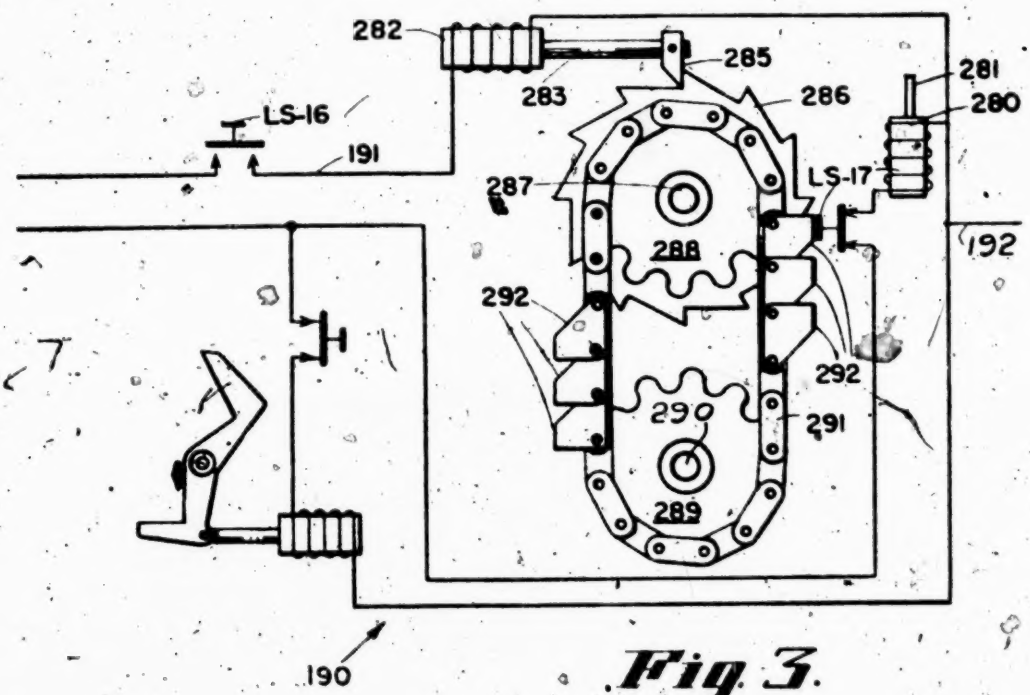
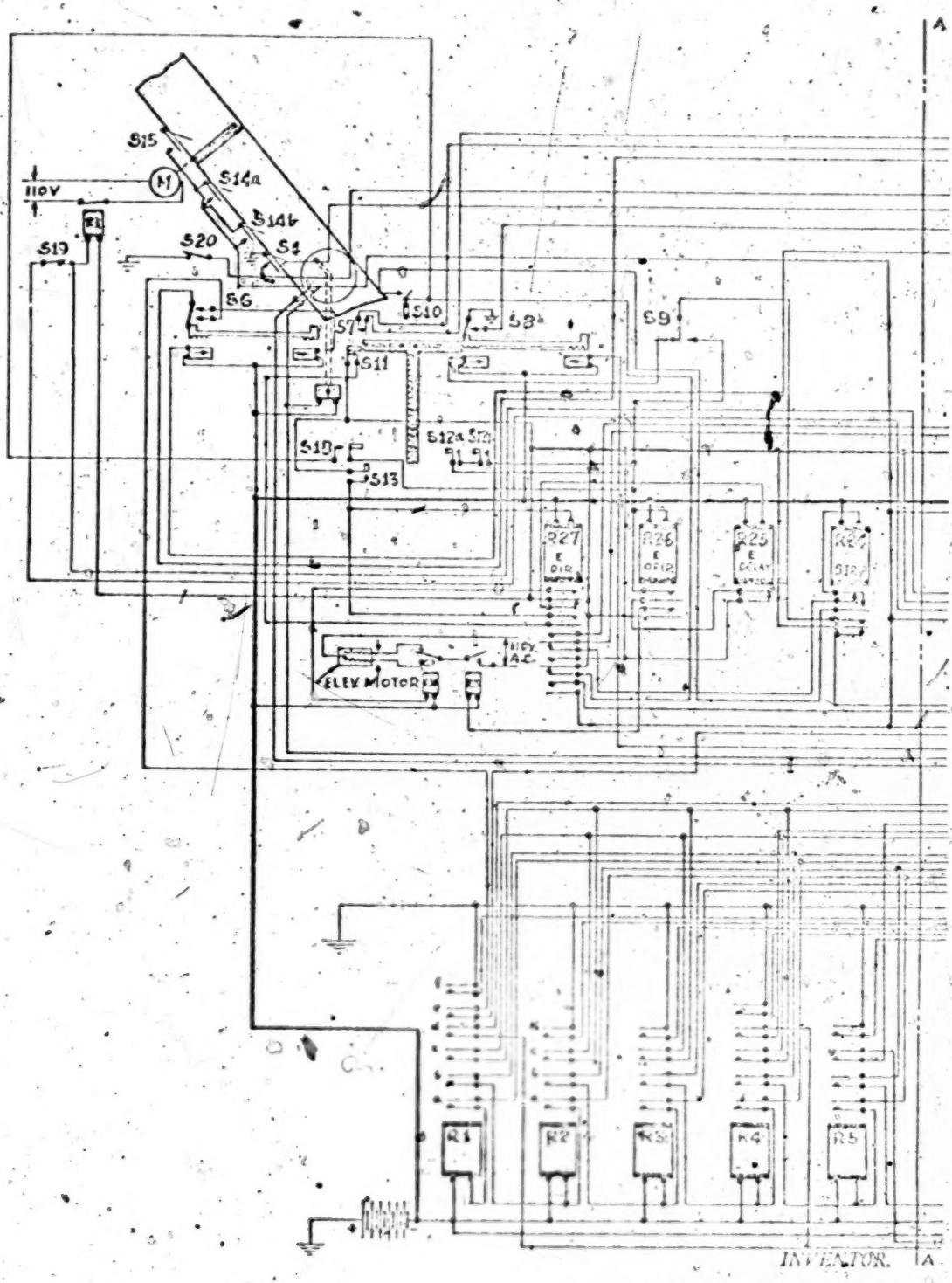


Fig. 3.

Filed Feb. 2, 1948

10 Sheets-Sheet 9



INVENTOR.

BY JOHN K. BRUCE

Harold M. Huntington

Attorney

Fig. 28A

March 31, 1953 J. K. BRUCE 2,633,251

PALLETIZER

Filed Feb. 2, 1948 10 Sheets-Sheet 10

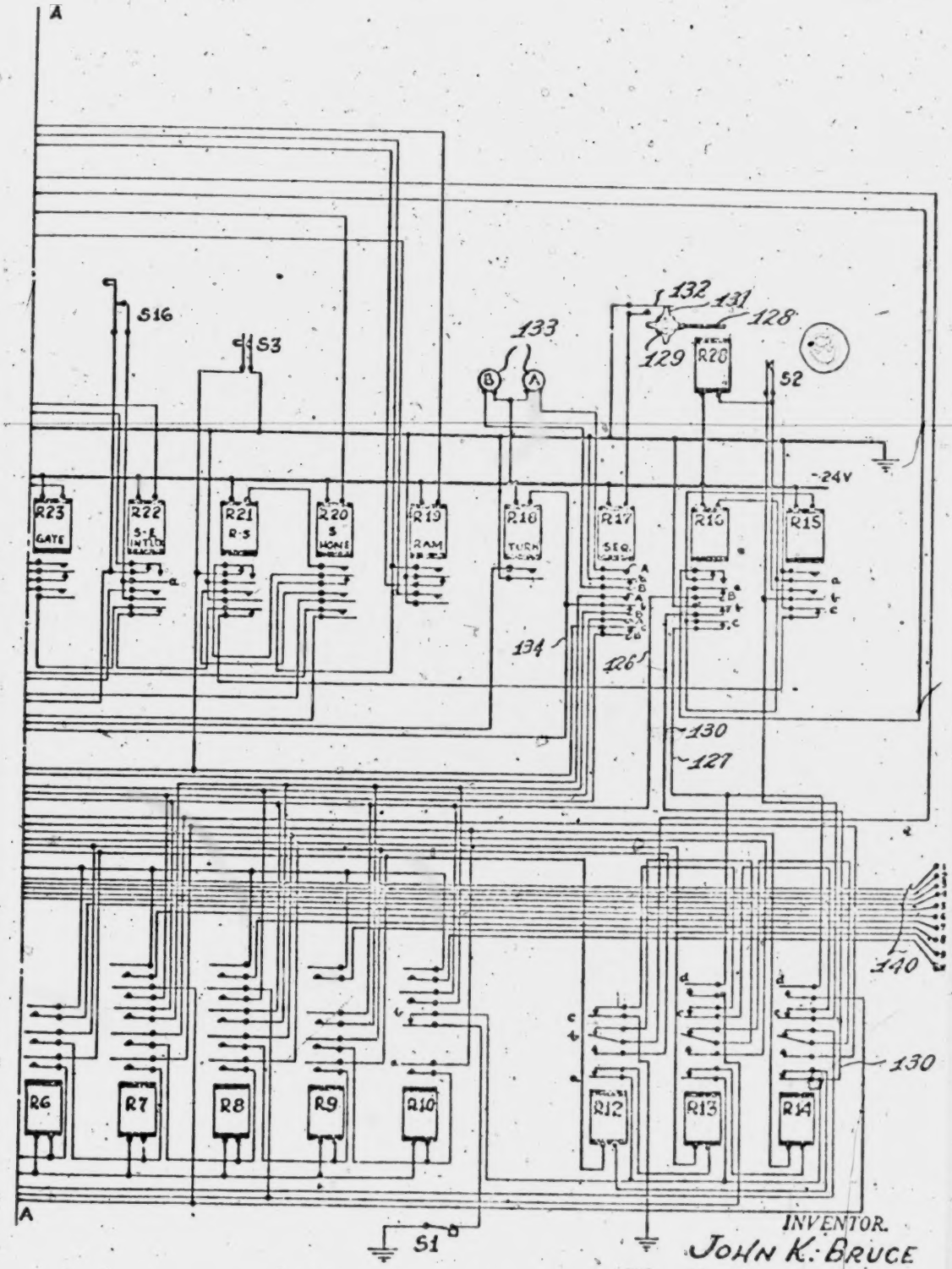


Fig. 28B

INVENTOR.
JOHN K. BRUCE
BY Harold W. Mattingly
Attorney

SUPREME COURT, U. S.

FILED

MAR 24 1971

E. ROBERT SEAVER, CLERK

In the Supreme Court

OF THE

United States

OCTOBER TERM, 1970

No. 487

CLARENCE H. STEVENSON III, *Petitioner*

vs.

DIEBOLD, INCORPORATED, *Respondent*

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

CARL HOPPE,
2010 Rose Building,
San Francisco, California 94105,
Attorney for Respondent.

CLARENCE H. STEVENSON,
[illegible]
Cheektowaga, New York 14225,
Petitioner Pro Se.

ROBERT L. MEHRTENS,
[illegible]
San Francisco, California 94104,
Of Counsel for Respondent.

Table of Authorities Cited

Cases

	Page
A. & P. Tea Co. v. Supermarket Corp. (1950), 340 U.S. 147	4
Crest Specialty v. Trager (1951), 341 U.S. 912	4
Graham v. John Deere Co. (1966), 383 U.S. 1	5
Layne &c. Co. v. Western Well Works (1923), 261 U.S. 387	5

Statutes

35 U.S.C. 103 4

In the Supreme Court
OF THE
United States

OCTOBER TERM, 1970

No. 487

CLARENCE H. STEVENSON III,
Petitioner,
vs.
DIEBOLD, INCORPORATED,
Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

This case is an ordinary run-of-the-mill patent infringement action in which the District Court concluded that the patent in suit was nonobvious over the most pertinent prior art and the Court of Appeals, in reversing, concluded that the alleged invention was obvious. Nothing in the petition, respondent submits, is of sufficient stature to warrant the time of this Court in a further review of the mundane legal issues tendered for examination. In this opposition, respondent accepts the petitioner's statement of the opinions below, questions presented, consti-

tution provision and statutes involved, and statement of the case with the following additional comments.

On the procedural aspects of the case, petitioner Clarence H. Stevenson III and his co-plaintiff, FMC Corporation, both appeared in the Court of Appeals shortly after respondent filed its Notice of Appeal from the final judgment below. As shown by the record in the office of the Clerk of the Court of Appeals, FMC Corporation did file a brief for appellee on its own behalf on February 3, 1969. Petitioner did not file any brief on appeal and rested his support of the judgment below upon the written and oral arguments of FMC Corporation. Strangely, the original plaintiffs have now changed their active roles: Clarence H. Stevenson III now presents the sole argument in support of the final judgment of the District Court and his co-plaintiff is not even a party to the petition. When the parties thus demonstrate an unwillingness to work in double harness on this case, it would seem to be a matter which does not warrant the attention of this Court.

With regard to the facts, there are two important corrections to be made in the statement of the case. The first and most important one is one of factual error underlying petitioner's statement (Petition, page 8) that the Bruce control device was not "suitable" for use in an automatic palletizer of the type claimed in the Stevenson patent. In this regard, for the purpose of simplifying the proofs at the trial, all parties stipulated that the pallet loader described in the Bruce patent, the pallet loaders manufactured and sold by Production Aids Incorporated, the pallet loader described in the Stevenson pat-

ent, and the accused Lamson pallet loaders "all have the following features in common" followed by a recitation of seven numbered elements (Plaintiff's Exhibit 3, paragraph 1). Items (3), (4), (5) and (7) are the precise features to which the petitioner directs his complaint as to absence of evidence. Plaintiff's Exhibit 6, page 107, sets forth the basis for the stipulation as follows:

> "Mr. Lyon: So far as the programming and control means are concerned, I think we will be willing to stipulate that the Bruce patent showing and the Stevenson showing and the construction and operation of the Lamson machine and the Production Aids Incorporated machine are the same for the purposes of this suit.
>
> "Mr. Simonton: With that understanding, I shall be prepared to concede infringement of a number of these claims. I would like an opportunity to go over them in more detail and advise you formally later."

Of course, there was no "evidence" in addition to the stipulation. The stipulation made such evidence unnecessary.

The second correction of substance in petitioner's statement of the case is one of omission rather than commission. The Court of Appeals found that the Stevenson combination was an obvious combination of the best features in the Bruce prior art machine and the machine disclosed in a prior art Montgomery patent (Appendix, pp. 8, 9, 10, 12 and 13). Petitioner does not so much as once mention the Montgomery patent in the entire 16 pages of his petition. In failing to direct attention to the reasoning upon which the Court of Appeals bases its decision, petitioner presents nothing tangible for review by this Court.

Turning now to the reasons advanced for the allowance of the writ, petitioner's first point is that the question of obviousness under 35 U.S.C. 103 should be determined as a question of fact and not as a question of law (Petition, pp. 2, 9-15). In the first place, respondent submits that such error cannot be asserted on the record which petitioner tenders to this Court. In the Brief for Appellee FMC Corporation, filed February 3, 1969, to which reference has been made (this opposition, page 2), the Court of Appeals was told (page 4),

> "As we have noted, Lamson has limited itself in this appeal to inquiry into the unobviousness of the Stevenson invention in the light of two prior art patents. Disposition of this appeal is therefore predicated upon the statutory strictures of Section 103 of Title 35, U.S.C. While the question of validity under that section is ultimately one of law, that legal conclusion has always been based on certain factual determinations. . . ."

It should be too late now to change the ground rules to support a plea for a further review of the case.

In the second place, respondent submits that the question is no longer an open one. This Court has held the question of invention and the related question of obviousness to be questions of law, notwithstanding concurrent findings of both the District Court and the Court of Appeals:—in holding invalid Turnham's combination patent for a grocery store cashier's counter in *A. & P. Tea Co. v. Supermarket Corp.* (1950), 340 U.S. 147; Trager's combination patent for a child's amusement device in *Crest Specialty v. Trager* (1951), 341 U.S. 912; and Scoggin's combination patent upon a finger sprayer in

Graham v. John Deere Co. (1966), 383 U.S. 1, at pages 26-37. Petitioner presents no convincing reasons warranting a reconsideration and revocation of the consistent rule of these three cases.

Petitioner's second point, based on the alleged merits of his own patent (pp. 14-16), should be rejected on two grounds. The first and foremost is that analogous factual determinations were urged in support of the findings of invention and nonobviousness in each of the three cases cited above and they were deemed insufficient to overcome a clear showing of lack of invention or obviousness. The second is that it is not the function of the certiorari procedure to grant a second level of review in ordinary patent cases, a matter set at rest in *Layne &c. Co. v. Western Well Works* (1923), 261 U.S. 387.

For the foregoing reasons, respondent submits that the petition should be denied.

Dated, San Francisco, California,
August 28, 1970.

Respectfully submitted.

CARL HOPPE,
Attorney for Respondent.

THEODORE E. SIMONTON,
MORRIS M. DOYLE,
ALBERT J. MOORMAN,
Of Counsel for Respondent.

LIBRARY
SUPREME COURT, U. S.

Supreme Court, U.S.
FILED
SEP 26 1970
ROBERT SEAVER, CLERK

IN THE

Supreme Court of the United States

No. 487
October Term, 1970

CLARENCE H. STEVENSON III,

Petitioner,

vs.

DIEBOLD, INCORPORATED,

Respondent.

Petitioner's Reply to Respondent's Brief in Opposition to Petition for Writ of Certiorari.

R. WILLIAM JOHNSTON,
201 South Lake,
Pasadena, Calif. 91101,
Attorney for Petitioner.

Of Counsel:
CHRISTIE, PARKER & HALE.
201 South Lake Avenue,
Pasadena, Calif. 91101,
Attorneys for Petitioner.

Parker & Son, Inc., Law Printers, Los Angeles. Phone 685-9790

SUBJECT INDEX

Page

I.

Stevenson's License Gave FMC Exclusive Control of This Litigation Until FMC Relinquished It 1

II.

The Parties Did Not Stipulate That the Bruce Control Circuit Was Suitable for Use With a Movable Pin 3

III.

The Court of Appeals Did Not Determine the Obviousness Question as of the Time the Invention Was Made, as Required by 35 U.S.C. 103 5

IV.

Whether the Question of Obviousness Under 35 U.S.C. 103 Is One of Fact or Law Has Not Yet Been Decided by This Court 6

V.

A Clear Ruling Whether Obviousness Is a Question of Law or Fact Is of Great Public Importance Because It Will Produce a Uniform Treatment of Patent Cases Irrespective of Where They Are Tried 7

TABLE OF AUTHORITIES CITED

Cases — Page

A & P Tea Co. v. Supermarket Corp., (1950) 340 U.S. 147 ..... 6, 7

American MonoRail Co. v. Parks-Cramer Co., (4th Cir. 1957) 245 F.2d 739 10

Armour & Co. v. Wilson & Co., (7th Cir. 1960) 274 F.2d 143 10

Bergman v. Aluminum Lock Shingle Corp. of America, (9th Cir. 1957) 251 F.2d 801 10

Blish, Mize & Silliman Hardware Co. v. Time Saver Tools, Inc., (10th Cir. 1956) 236 F.2d 913 .. 10

Crest Specialty v. Trager, (1951) 341 U.S. 912 ..6, 7

Emerson v. National Cylinder Gas Co., (1st Cir. 1958) 251 F.2d 152 10

Graham v. John Deere Co., (1966) 383 U.S. 1 ..... 6, 7

Lane & Co. v. Western Well Works, (1923) 261 U.S. 387 7

Lulek, In re (C.C.P.A. 1962) 305 F.2d 864 10

Mahn v. Harwood, (1884) 11 U.S. 354 9

Noe v. Smith, (5th Cir. 1962) 300 F.2d 430 11

Packwood v. Briggs & Stratton Corp., (3d Cir. 1957) 195 F.2d 971 11

Steffan v. Weber Heating & Sheet Metal Co., (8th Cir. 1956) 237 F.2d 601 10

Sterling Aluminum Prods., Inc. v. Bohn Aluminum & Brass Corp., (6th Cir. 1962) 298 F.2d 538 .. 10

The Bada Company v. Montgomery Ward & Co., Inc. et al., 426 F. 2d 8 7

Page

Titcomb v. Norton Co., (2d Cir. 1962) 307 F.2d 253 10

United States v. Esnault-Pelterie, (1936) 299 U.S. 201 ..... 9, 10

Watson v. Bersworth, (D.C. Cir. 1958) 251 F.2d 898 11

Miscellaneous

Public Law 593, 82nd Cong., 2d sess., ch. 950; 66 Stat. 792 6

Arthur M. Smith, Associate Judge, United States Court of Customs and Patent Appeals, "Patent Law", published 1964 by Overbeck Co., Ann Arbor, Michigan 8, 9

Giles S. Rich, Associate Judge of the United States Court of Customs and Patent Appeals, "Principles of Patentability", The George Washington Law Review, Volume 28, January, 1960, No. 2 8

Jessup, "Defining the Undefinable—Section 103", paper presented before the Seventh Annual Conference of the Lawyer's Institute, Chicago (Feb. 1963) 10

Statute

United States Code, Title 35, Sec. 103 ..... 5, 7, 10

IN THE

Supreme Court of the United States

No. 487
October Term, 1970

CLARENCE H. STEVENSON III,

Petitioner,

vs.

DIEBOLD, INCORPORATED,

Respondent.

Petitioner's Reply to Respondent's Brief in Opposition to Petition for Writ of Certiorari.

I.

Stevenson's License Gave FMC Exclusive Control of This Litigation Until FMC Relinquished It.

Petitioner Stevenson did not file any brief on appeal because his license [Pltf. Ex. 12] gave FMC the exclusive control of all litigation involving his patent.

The license states on Page 6, Paragraph 9 that:

> "Stevenson hereby grants to FMC the exclusive right, during the term of this agreement, to institute and prosecute suits for the infringement of the letters patent comprehended hereby, and hereby empowers FMC to join Stevenson as a party plaintiff, or to use Stevenson's name in any way necessary or desirable for the institution and prosecution of any such suit or suits."

After the Court of Appeals reversed the trial court, FMC relinquished control of any further litigation in this suit to Stevenson. FMC's reason may be that suggested by respondent's counsel at trial when he advised the District Court that:

> "Food Machinery Corporation entered into what I regard as a rather ill-advised contract with Mr. Stevenson by which they agreed to pay him a 5% royalty on every pallet loader that they make commercially involving these supposedly important inventions, and they are really hooked. That contract is in evidence as one of the exhibits to these depositions and we will pull it out later and put it in. They are really hooked.
>
> But there is a clause in there that if these claims are held invalid then Food Machinery is off the hook. So Food Machinery is in this court in the position of 'heads I win, tails Lamson loses.' If they should by any chance get this patent sustained, then of course they have got a valuable patent for which they can, of course, mulct us. On the other hand, if the patent is not valid, they escape from the very substantial 5% royalty which otherwise they would have to pay to Mr. Stevenson." [R.T. pp. 66 and 67].[1]

Whatever the reason may have been for FMC not proceeding with this law suit, the fact that the Stevenson-FMC license agreement prevented Stevenson from controlling the litigation, until released by FMC, should not prejudice his right to be heard by this Court.

---

[1]References herein are as follows: "A, (page number)" refers to pages of the appendix to this petition. "R.T. (page number)" refers to pages of the reporter's transcript from the District Court. "Ex. (number or letter)" refers to exhibits admitted in evidence by the District Court. "T.R. (page number)" refers to transcript of record.

II.

The Parties Did Not Stipulate That the Bruce Control Circuit Was Suitable for Use With a Movable Pin.

The stipulation on which respondent relies for supporting the conclusion by the Court of Appeals that the Bruce control device was suitable for use in an automatic palletizer of the type claimed in Stevenson's patent is set forth in full at T.R. 67, and it reads as follows:

> "1. The pallet loader described in Bruce Patent 2,633,251, the pallet loader or palletizer described in Stevenson Patent 2,815,846 in suit, the PAI pallet loaders made and sold by Production Aids Incorporated, and the Lamson pallet loaders made and sold by defendant, each has as one of its purposes to form articles in an interlocking layer of a predetermined geometric pattern, and to that end, all have the following features in common:
>
> (1) a roll conveyor for packages or articles to be palletized, which conveyor is in effect a part of the pallet loader proper and is of the live roll type, that is, its rolls are power driven;
>
> (2) guide means for establishing the position of articles traveling on said live roll conveyor;
>
> (3) a first switch means operated by the articles carried by said live roll conveyor;
>
> (4) an electric article counter actuated by the closing of said first switch means;
>
> (5) a second switch means operated by said article counter;
>
> (6) article orienting means adapted to effect turning of a pre-selected article about an axis perpendicular to said live roll conveyor into a

position substantially at right angles to its original position; and

(7) power drive means actuated by said second switch means for moving said orienting means to and from its operative position."

Although the stipulation states that the Bruce patent had a number of features in common with the palletizer defined by the Stevenson patent claims, it does not say that the Bruce control device was suitable for combination with a movable pin. The statement by FMC's counsel referred to by respondent was made during the taking of depositions and was part of the negotiations leading to the actual stipulation entered into by the parties. The controlling language, of course, is the stipulation filed with the District Court, and not the language of the negotiations leading to that stipulation.

Moreover, the unsuitability of the Bruce control circuit for combination with the Stevenson movable pin was shown at trial during the cross-examination of petitioner as follows:

Q You are referring perhaps to the Broberg deposition?

A That could be it. I am not sure which deposition.

Q And Mr. Broberg recited instances in which the pin similar to the original Pepsi-Cola pin burned out—

A I think that is correct.

Q Because the carton was sitting on top of the pin and the solenoid couldn't do its job?

A I think that is correct.

Q And that they had to modify the construction in order to overcome that?

A I think probably the trouble there was not the trouble with the solenoid as much as it was with their electrical circuit. You see, they had been using timing means so that the pin[2] came up underneath the carton, and in my case I had timing means so that the carton, or the pin, came up ahead of the carton, and I think probably they had some trouble with their electrical circuits because the pin came up underneath the carton. [R.T. pp. 175 and 176].

III.

The Court of Appeals Did Not Determine the Obviousness Question as of the Time the Invention Was Made, as Required by 35 U.S.C. 103.

Contrary to respondent's assertion that petitioner did not direct attention to the reasoning upon which the Court of Appeals bases its decision, page 7 of the petition sets forth the ground for the reversal, and quotes the following remark made by the Court of Appeals:

> "Anyone looking at this litigation *today*[3] would wonder why Bruce adapted a suitable control device to a complicated, unreliable turning mechanism when Stevenson's solution appears so much more apparent and desirable." (A. p. 10).

The error of the Court of Appeals is manifest from the above quotation because it is clear that the Court of Appeals examined the obviousness question as of "today" (decided February 17, 1970) instead of "the time the invention was made" (Stevenson's original application filed June 9, 1948) as required by 35 U.S.C. 103. Any invention is going to seem "obvious" twenty-two years after it is made.

---

[2]Should read "table".

[3]Emphasis added.

IV.

Whether the Question of Obviousness Under 35 U.S.C. 103 Is One of Fact or Law Has Not Yet Been Decided by This Court.

Respondent argues that the question of obviousness is one of law and cites *A & P Tea Co. v. Supermarket Corp.*, (1950) 340 U.S. 147, and *Crest Specialty v. Trager*, (1951) 341 U.S. 912. Both of these cases were decided before the enactment of the present patent statute, which became effective January 1, 1953 (Public Law 593, 82d Cong., 2d sess., ch. 950; 66 Stat. 792). *Graham v. John Deere Co.*, (1966) 383 U.S. 1, also cited by respondent, did not hold that the question of obviousness is one of law. This Court did say in that case:

> "While the ultimate question of patent validity is one of law, . . . the § 103 condition, which is but one of three conditions, each of which must be satisfied, lends itself to several basic factual inquiries. Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. . . ." (383 U.S. 17).

The ultimate question of patent validity is one of law, but obviousness is a question of fact.

The District Court determined the level of ordinary skill in the pertinent art at the time the invention was made, and found that "the turning pin combination, while admittedly simple, achieved results and advan-

tages which could not be foreseen readily and which are properly classified as invention." (A. pp. 42 and 43).

Respondent urges that the *A & P, Crest Specialty,* and *Graham* cases contained factual determinations analogous to the present case. However, the invention in each of those cases resided in essentially one element, and the Court found it unnecessary to consider the devices as a whole. Thus, the determination of obviousness in those cases was reduced to that of whether or not the element performed any differently in the patented device from the way it did in the prior art.

V.

A Clear Ruling Whether Obviousness Is a Question of Law or Fact Is of Great Public Importance Because It Will Produce a Uniform Treatment of Patent Cases Irrespective of Where They Are Tried.

Lane & Co. v. Western Well Works, (1923) 261 U.S. 387, cited by respondent as authority for denying this petition, limits certiorari to cases involving principles which are important to the public as distinguished from that of the individual parties. This is such a case because the public interest will suffer if the Ninth Circuit continues its piecemeal examination of claimed elements to determine whether they are old, and then routinely holds the claim invalid if each of the elements is old, without addressing itself to the invention as a whole as required by 35 U.S.C. 103.

The present case is one of a number of similar decisions[4] in the Ninth Circuit that are in conflict with

[4]*E.g.,* The *Bada Company v. Montgomery Ward & Co., Inc., et al.,* 426 F. 2d 8, Petition for Writ of Certiorari No. 597, Oct. Term, 1970.

the decisions of other courts of appeal on important questions of federal law. The harsh standard of patentability or obviousness imposed by the Ninth Circuit is readily apparent from comparing its decisions with the views expressed by Giles S. Rich, Associate Judge of the United States Court of Customs and Patent Appeals in his article entitled "Principles of Patentability" in The George Washington Law Review, Volume 28, January, 1960, No. 2. On pages 401 and 402 of that article, Judge Rich states that:

> "To do the job of promoting progress, the incentives afforded by patent protection have to be maintained to the point where they will encourage production, even of things that patent office examiners may think are inferior. They could be wrong and the inventor should have his chance. The marketplace will pass judgment. If that judgment goes against the patentee, as it frequently does, even with respect to inventions which look good to the patent office, there has been no loss to the public. It is difficult to understand the attitude of those who feel that *ideally* a patent should be granted only for the meritorious invention which is capable of being a commercial success. Patents are not Nobel or Pulitzer prizes! They are not for *exceptional* inventors but for average inventors and should not be made hard to get."

Finally, the public importance of the question presented by this petition is well pointed up by Arthur M. Smith, Associate Judge, United States Court of Customs and Patent Appeals, in his book entitled "Patent Law" published in 1964 by Overbeck Co., Publishers,

at Ann Arbor, Michigan. On page 502, Judge Smith treats the problem as follows:

> "NOTE—'OBVIOUSNESS': A QUESTION OF LAW OR OF FACT?
>
> Whether the issue of the 'obviousness' of the differences between an invention and the prior art to one having ordinary skill in the art is considered a question of law or a question of fact may be a crucial factor in patent litigation. Resolution of a question of fact is normally for the jury, if one is involved, and even if the judge serves as finder-of-fact, appellate courts are generally quite reluctant to overturn factual determinations. On the other hand, questions of law are always fully reviewable upon appeal, and the findings of the lower tribunal with respect to the law involved are generally given very little weight.
>
> In 1936, in the case of United States v. Esnault-Pelterie, 299 U.S. 201 (1936), the Supreme Court without qualification held that 'validity and infringement are ultimate facts on which depends the question of liability. In actions at law, they are to be decided by the jury.' Although this holding has never been expressly overruled, serious doubts as to its continuing vitality were raised by Justice Douglas' concurring opinion in the A & P case, where he said, 'the question of validity of a patent is a question of law, . . .' Justice Douglas cited as authority the early case of Mahn v. Harwood, 11 U.S. 354 (1884), which included a dictum to the effect that the question of patentable invention is 'a question of law.'

An excellent discussion of the problem may be found in Jessup, 'Defining the Undefinable—Section 103,' Paper Presented before the Seventh Annual Conference of the Lawyer's Institute, Chicago (Feb. 1963). In his paper, Mr. Jessup states that the question of whether obviousness is an issue of law or of fact 'appears to offer promise of further profitable exploration by patent trial counsel in the years ahead.' The author indicates that the lower federal appellate tribunals have assumed quite divergent viewpoints since the enactment of section 103. Apparently following the teaching of the Esnault-Pelterie case in styling the question of obviousness as one of fact are the First, Sixth and Eighth Circuits. See, *e.g.*, Emerson v. National Cylinder Gas Co., 251 F.2d 152 (1st Cir. 1958); Sterling Aluminum Prods., Inc. v. Bohn Aluminum & Brass Corp., 298 F.2d 538 (6th Cir. 1962); Steffan v. Weber Heating & Sheet Metal Co., 237 F.2d 601 (8th Cir. 1956). See also In re Lulek, 305 F.2d 864 (C.C.P.A. 1962) for the view of the Court of Customs and Patent Appeals. On the other hand, the Second, Fourth, Seventh, Ninth and Tenth Circuits seem to hold that obviousness is a question of law. See, *e.g.*, Titcomb v. Norton Co., 307 F.2d 253 (2d Cir. 1962); American MonoRail Co. v. Parks-Cramer Co., 245 F.2d 739 (4th Cir. 1957); Armour & Co. v. Wilson & Co., 274 F.2d 143 (7th Cir. 1960); Bergman v. Aluminum Lock Shingle Corp. of America, 251 F.2d 801 (9th Cir. 1957); Blish, Mize & Silliman Hardware Co. v. Time Saver Tools, Inc., 236 F.2d 913 (10th Cir. 1956). Decisions of the remaining Circuits, the

Third, Fifth and District of Columbia, are rather ambiguous and are difficult to classify. See, *e.g.*, Packwood v. Briggs & Stratton Corp., 195 F.2d 971 (3d Cir. 1957); Noe v. Smith, 300 F.2d 430 (5th Cir. 1962); Watson v. Bersworth, 251 F.2d 898 (D.C. Cir. 1958).

The student should consider the striking similarity between a 'person having ordinary skill in the art' in patent litigation, and the familiar and age-old 'reasonably prudent man' at common law. Arguably, since whether a particular act was to be expected of a man of 'reasonable prudence' is normally a question of fact, the analogy should hold true, and the question of whether the differences between the subject matter to be patented and the prior art would have been obvious to a 'person having ordinary skill in the art' should likewise be one for the fact finder."

By granting this petition, this Court can remove the confusion which now surrounds the question of obviousness in determining patentability.

Respectfully submitted,

R. WILLIAM JOHNSTON,
Attorney for Petitioner.

Of Counsel:

CHRISTIE, PARKER & HALE.
Attorneys for Petitioner.